Economic development and the 'official mind' : the Colonial Office and manufacturing in West Africa, 1939-1951.

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ECONOMIC DEVELOPMENT AND THE 'OFFICIAL MIND': THE COLONIAL OFFICE AND MANUFACTURING IN WEST AFRICA, 1939-1951

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ABSTRACT

This thesis examines the evolution of Colonial Office policy on industrialisation in West Africa between 1939 and 1951, a case study in official attitudes towards problems of planned economic development on the eve of decolonisation. It assesses the conversion of officials to policies of diversification, and the constraints imposed on their development initiative. It analyses growing pressures on the Colonial Office from colonial governments to produce a coherent industrial policy, and officials' responses to individual manufacturing proposals. It considers the Office's unsuccessful attempts to gain acceptance for its policy from sectors of metropolitan opinion, particularly the Board of Trade, which saw colonial industrialisation as a threat to British export markets.

The thesis assesses official discussions, conducted against a background of wartime collectivism, on promoting industry, involving debates on possible sources of capital, expertise and entrepreneurship; tariff protection to new industries; the limits of state control; and the inadequacy of existing administrative machinery in London and the colonies. It explores officials' views on private enterprise, especially expatriate capital, and their growing conviction that greater state control over economic development was politically necessary, preferably through publicly-owned corporations. Discussions on all these issues strained London's relationship with the colonial governments, especially when the Colonial Office briefly assumed a more interventionist role, which the thesis also examines.

The conclusion is reached that the Office could not defend its wartime policy goals after the war, when the metropolitan government attempted to use colonial resources to resolve Britain's financial crisis. Through strict colonial import controls and the neglect of industrialisation, the British government gave development a bias towards primary production which demonstrated the Colonial Office's error in assuming that its industrial policy had been accepted or supported by the rest of Whitehall.

CONTENTS

TABLES

ABBREVIATIONS

AA	African Affairs
ACEC	Advisory Committee on Education in the Colonies
ACJ	Arthur Creech Jones Papers
AWAM	Association of West African Merchants
BETRO	British Export Trade Research Organisation
BoT/BT	Board of Trade
CAB	Cabinet
CB	Cotton Board
CCAG	Committee on the Conference of African Governors
CCD	(Cabinet) Committee on Colonial Development
CD & W	Colonial Development and Welfare
CDC	Colonial Development Corporation
CDWAC	Colonial Development and Welfare Advisory Committee
CDWP	Colonial Development Working Party
CEAC	Colonial Economic Advisory Committee
CEDC	Colonial Economic Development Council
CEPS	Central Economic Planning Staff
CJH	Canadian Journal of History
CO	Colonial Office
CPP	(Colonial Office) Committee on Post-War Problems
CRC	Colonial Research Council
CSSRC	Colonial Social Science Research Council
EAGC	East African Governors' Conference
ECA	Economic Cooperation Administration
EcHR	Economic History Review
EPB	Economic Planning Board
EPC	(Cabinet) Economic Policy Committee
FBI	Federation of British Industries
FCB	Fabian Colonial Bureau Papers

HC	House of Commons Papers
IBRD	International Bank for Reconstruction and Development
JAH	_Journal of African History_
JICH	_Journal of Imperial and Commonwealth History_
LP	Lord President's Committee
OAG	Officer administering the government of...
OCLI	(Colonial) Office committee on encouragement of industry legislation
_PD(C)_	_Parliamentary Debates (Commons)_
_PD(L)_	_Parliamentary Debates (Lords)_
_PP_	_Parliamentary Papers_
PRO	Public Record Office, Kew
T	Treasury Papers
TUC	Trades Union Congress
UAC	United Africa Company
WACCB	West African Cocoa Control Board
WAGC	West African Governors' Conference
WAPMB	West African Produce Marketing Board
WASCO	West African Soap Company
WAWC(CM)	West African War Council (Civil Members' Committee)

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INTRODUCTION

The economic consequences of British colonial rule have become a preoccupation not only for historians of decolonisation but also for those seeking to explain the apparent failure of former colonial territories to achieve balanced and sustained economic growth[1]. Some commentators detect a clear relationship between colonial rule and the 'structural under-development' of the colonial economies, a condition engineered by Britain in the interests of the metropolitan economy. According to this interpretation, colonial rule ensured that the colonies were developed as sources of raw materials and as markets for metropolitan exporters[2]. Colonial authorities are claimed to have neglected the kind of economic diversification which might have given colonial territories secure economic foundations and the prospect of continuing development after independence. Specifically, it is claimed that colonial administrators either failed to encourage the growth of local manufacturing sectors, or obstructed such opportunites

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1 For surveys of the extensive literature on these problems, see J. Forbes Munro, Britain in Tropical Africa 1880-1960. Economic Relationships and Impact (1984); A.G. Hopkins, 'African Economic History: The First Twenty-Five Years', Journal of African History, 30 (1989), pp.157-63; C.C. Wrigley, 'Aspects of Economic History', in A.D. Roberts (ed), Cambridge History of Africa Vol.VII from 1905 to 1940, (Cambridge, 1986); D. Rimmer, 'The Economics of Colonialism in Africa', JAH, 19, 2 (1978), pp.265-73; D.K. Fieldhouse, 'Decolonization, Development and Dependence: a survey of changing attitudes', in P. Gifford and Wm. Roger Louis (eds), The Transfer of Power in Africa. Decolonisation 1940-1960 (New Haven, 1982); see also D.K. Fieldhouse, Colonialism 1870-1945. An Introduction, (1976, 1983), ch.2. Unless otherwise stated, the place of publication is London.

2 See, e.g., A.G. Hopkins, An Economic History of West Africa (1973); E.A. Brett, Colonialism and Underdevelopment in East Africa: The Politics of Economic Change, 1919-1939, (New York, 1973).

for industrialisation as existed, allegedly in order to safeguard the flow of colonial primary exports, and to protect metropolitan manufactured exports from local, colonial competition[3].

Yet an examination of the years 1939-1951 reveals that the Colonial Office, the junction of relationships between the metropolitan and colonial governments, was actively attempting, for the first time, to construct a coherent policy on colonial industrialisation, as one element in a set of broad political, economic and social objectives, collectively intended to prepare the colonies for eventual self-government.

In the Office's discussions, the West African colonies, Nigeria and the Gold Coast, held special prominence. Together representing the largest segment of the colonial empire proper, in size and population, these territories seemed far ahead of Britain's other African colonies in preparedness for self-government, the 'model' for the rest of Africa, and therefore increasingly the focus of metropolitan officials' attention. This tendency was only reinforced during and after the Second World War when the region became vital first in maintaining supplies of commodities essential to the war effort, and later not only as the lynchpin in the sterling area's dollar-earning strategy after 1947, but as the test-bed for the first phase of controlled decolonisation. For these reasons, a re-examination of London's interpretation of West African conditions appears to be warranted[4].

3 Brett (1973), pp.72, 115-116.

4 On West African developments in this period, see esp. R.D. Pearce, <u>The Turning Point in Africa: British Colonial Policy</u>

This was, unquestionably, a period of unusual strains, encompassing war and reconstruction, with their attendant economic dislocations and adjustments, punctuated by metropolitan financial crises, and an unprecedented degree of state economic intervention, both in Britain and the colonies[5]. It was also a period when Britain was under increasing pressure to justify its colonial role to domestic, colonial and international opinion[6]. Sandwiched between the interwar Depression, the experience of which exposed to criticism the inertia of traditional colonial 'trusteeship', and the early 1950s, when a relative boom in commodity prices (stemming, in part, from the effects of the Korean War), together with concerted opposition to Britain's colonial presence, created new conditions for administrators, these years witnessed a systematic review of

1938-48, (1982); C.R. Nordman, 'Prelude to Decolonisation in West Africa: the development of British Colonial Policy, 1938-1947', University of Oxford D.Phil. thesis (1976). On the economic background, see Hopkins (1973); R. Howard, Colonialism and Underdevelopment in Ghana, (1978); A. Phillips, The Enigma of Colonialism. British Policy in West Africa, (1989).

5 For the impact of the war, see Sir John Shuckburgh, 'Colonial Civil History of the War' (unpublished; mimeographed typescript, Institute of Commonwealth Studies Library, University of London); see also J. Darwin, Britain and Decolonisation. The Retreat from Empire in the Post-War World (1988), ch.2; A.N. Porter and A.J. Stockwell, British Imperial Policy and Decolonization 1938-64. Volume I, 1938-51, (1987), chs.4-7; D. Killingray and R. Rathbone (eds), Africa and the Second World War, (1986); R.D. Pearce, 'The Colonial Economy: Nigeria and the Second World War', in B. Ingham and C. Simmons (eds), Development Studies and Colonial Policy, (1987), pp.264-92; N.J. Westcott, 'Sterling and Empire: The British Imperial Economy, 1939-1951', unpublished seminar paper, University of London Institute of Commonwealth Studies, (1983).

6 E.g. R. Smythe, 'Britain's African colonies and British propaganda during World War II', JICH 14, 1 (Oct 1983), pp.65-82; Wm. Roger Louis, Imperialism at Bay: the United States and the Decolonisation of the British Empire, 1941-45 (Oxford 1977), pp.121-286.

policy by the Colonial Office, representing the first, tentative steps towards planned decolonisation[7]. In particular, officials gathered and digested the unpalatable lessons of the 1930s, when surveys such as those by Hailey and Frankel had revealed the instability of the colonial economies and the extent of colonial poverty[8]. They became preoccupied with the problem of giving the colonies adequate economic foundations on which stable political and social structures could be modelled as the prerequisites for self-government. While the immediate symptoms of colonial economic vulnerability could, it was hoped, be addressed through improved welfare provision, made feasible by successive Colonial Development and Welfare Acts, there remained a long-term need to free the colonies from their crippling dependence on narrow export bases, enabling them to withstand world market fluctuations and to achieve greater economic self-sufficiency[9]. Increasingly, the

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7 For the Depression generally, see A.J.H. Latham, The Depression and the Developing World, 1914-39, (1981) and C.P. Kindleberger, The World in Depression 1929-1939, (Harmondsworth, 1987); for the Depression's impact on West Africa, see Hopkins (1973), esp. ch.7; Roberts (1986), esp. pp.443-54, and B. Ingham, 'Colonialism and the Economy of the Gold Coast 1919-45', in Ingham and Simmons (1987), pp.264-92. On the beginnings of decolonisation, see Pearce (1982); R.D. Pearce, 'The Colonial Office and Planned Decolonisation in Africa', African Affairs, 83 (Jan 1984), pp.77-93; J. Flint, 'Planned Decolonization and its Failure in British Africa', African Affairs, 82 (July 1983), pp.389-411.

8 Lord Hailey, An African Survey, (Oxford, 1938); S.H. Frankel, Capital Investment in Africa, (1938); see also D.J. Morgan, The Official History of Colonial Development Volume I (1980), pp.28-33.

9 On the evolution of British colonial development policy see Morgan (1980) Volume I, pp.44-70; S. Constantine, The Making of British Colonial Development Policy 1914-1940, (1984); D. Meredith, 'The British Government and Colonial Economic Policy 1919-1939', EcHR, 28, 3, (1975), pp.484-99; H. Johnson, 'The West Indies and the conversion of the British Official Classes to the Development Idea', Journal

Colonial Office accepted arguments in favour of economic diversification, and devoted considerable effort towards the problem of local manufacturing development. Officials concluded not only that industrialisation was a desirable strategy, but also that its promotion both justified and required state involvement. Initially hesitant, this recognition became more adventurous when, after 1943, the Office embarked on planning the post-war resumption of colonial development, a period which exposed tensions between the political and economic elements in colonial policy. The traditional emphasis on minimising the socially disruptive, and hence politically dangerous effects of economic modernisation, enshrined in the prewar ethos of 'trusteeship', conflicted with a growing need to promote faster development, at first to satisfy colonial and international opinion, but increasingly in response to Britain's postwar financial problems[10].

The period after 1939 produced major shifts in the outlook of the Colonial Office, justifying a resurrection of the concept of the 'official mind'. At a time when clear <u>political</u> direction in colonial policy was often absent, the continuities and evolution of official thinking were of special importance. Substantial areas of policy were

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<u>of Commonwealth and Comparative Politics</u>, 15, 1 (1977), pp.55-75; G.C. Abbott, 'British Colonial Aid Policy during the Nineteen Thirties', <u>CJH</u>, 5 (1970); D.G.M. Rampersad, 'Colonial economic development and social welfare; the case of the British West Indian colonies, 1929-47', University of Oxford D.Phil. thesis (1979).

10 J.M. Lee and M. Petter, <u>The Colonial Office, War, and Development Policy: organisation and the planning of a metropolitan initiative, 1939-1945</u>, (1982), esp. ch.3; J.M. Lee, '"Forward Thinking" and War: the Colonial Office during the 1940s', <u>JICH</u>, 6, 1 (1977), pp.64-79.

entrusted to an increasingly confident, interventionist and reforming official elite. An understanding of the complex processes which constituted decolonisation therefore requires an appreciation of the growing contribution made by metropolitan officials to the formation of policy. Moreover, as the very nature of colonial rule became more elaborate, the scope for divergence in the aims of metropolitan and locally-based administrators widened, especially once the state assumed new responsibilities[11].

From the late 1930s, 'development' became central to the Colonial Office's self-attributed raison d'etre, the unifying theme in its functions and attitudes[12]. Before the Second World War, the Office's role had been largely reactive, shaped by ad hoc responses to local developments, cemented by the idea of trusteeship, and limited by a concern to respect the substantial autonomy enjoyed by colonial governments under devolved British rule[13]. The legacy of the Depression, wartime mobilisation and the need to plan postwar reconstruction, obliged the Colonial Office to be more assertive, to seek above all to anticipate local developments, and to devise new policies, methods and machinery, centred on the single goal of achieving controlled decolonisation at a time deemed appropriate by London.

Although themselves satisfied that industrialisation was an important component of their decolonisation strategy,

11 Lee and Petter (1982), pp.210-15; Lee (1977); Sir Charles Jeffries, Whitehall and the Colonial Service: an administrative memoir, 1939-1956, (1972), passim.

12 Lee and Petter (1982), ch.4; Lee (1977), passim.

13 Jeffries (1972).

Colonial Office officials found that fundamental obstacles circumscribed the implementation of their ideas. At a practical, immediate level, was the question of how colonial industries were to be promoted. Throughout this period, local sources of capital, expertise and enterprise appeared to be frustratingly scarce. In West Africa, the most obvious supply of these essential factors seemed to be the large, expatriate firms, such as the United Africa Company, who enjoyed both the necessary funds and a knowledge of local commercial conditions, based on their predominance in the region's import-export trade. Before 1939, however, the firms showed little interest in diversifying their activities into manufacturing, preferring the familiar waters of trade, made even more secure by their engineering of an effective oligopoly during the 1930s[14]. During the war, this conservatism was modified slightly, and several firms put forward proposals to establish manufacturing capacity in West Africa. In part, this may have been a response to the changing commercial environment, especially the introduction and postwar establishment of state-controlled produce marketing[15]. More important, perhaps, was

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14 P. Kilby, 'Manufacturing in Colonial Africa', in P. Duignan and L.H. Gann (eds), Colonialism in Africa 1870-1960 Vol.4 The Economics of Colonialism, (Cambridge, 1975), pp.488, 491; D.K. Fieldhouse, Black Africa 1945-1980: economic decolonisation and arrested development (1986), pp.10-11, 46-47; Hopkins (1973), pp.258-60, 278; Howard (1978), pp.108, 157, 208.

15 D. Meredith, 'State controlled marketing and economic 'development': the case of West African produce during the Second World War', EcHR, 39, 1 (1986), pp.77-91; D. Meredith, 'The Colonial Office, British Business Interests and the Reform of Cocoa Marketing in West Africa, 1937-1945' JAH, 29 (1988), pp.285-300; J.H. Bowden, 'Development and control in British colonial policy, with reference to Nigeria and the Gold Coast, 1935-48', University of Birmingam Ph.D. thesis (1980).

the firms' desire to improve their relations with the colonial authorities, strained by the intense hostility of local opinion to their operations, and to be seen to be adjusting to the recent policy shifts emanating from London. However, the very hostility of West African opinion towards the firms, grounded in bitter memories of the 1930s, when produce prices were thought to have been kept artificially low by the firms' buying 'ring', undermined in administrators' eyes the firms' value as agents of economic modernisation[16]. Increasingly, the Colonial Office felt obliged to demonstrate that the state, not the firms, controlled West Africa's economic destiny. In order to minimise political friction, therefore, officials were drawn to consider means of widening the colonial state's role in economic management.

What, then, of the entrepreneurial potential of the colonial governments? The governments of the interwar years have been accused of indifference, even hostility, towards industrial development, on the one hand because it threatened their chief source of revenue, duties on imports and exports, and on the other because of a deepening preoccupation with restricting the socially disruptive effects of economic development[17]. Concealed behind these motives, allegedly, was a predisposition towards defending British exporters' colonial markets.

The colonial governments before the Second World War have been unfairly condemned for their adherence to laissez

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16 Meredith (1986), pp.80-1; Meredith (1988), p.285-6; Hopkins (1973), p.198-209.

17 Brett (1973), pp.300-11; Howard (1978), p.23; Meredith (1975), p.260-6.

faire principles[18]. On the contrary, they were active in promoting export agriculture and the transport infrastructure necessary to evacuate tropical exports, exposing themselves to subsequent criticism on the grounds that they reinforced the colonies dependence on primary exports and so maintained these territories at a level of underdevelopment advantageous to the metropolitan economy[19]. Certainly, little was done to promote industrialisation: tariff protection for new industries was commonly refused, nor were subsidies or credit provided, but here the main concern seems to have been to prevent the erosion of import revenue by import-substituting manufactures[20]. Although limited assistance towards development became available under the 1929 Colonial Development Act, few governments submitted industrial proposals under this scheme[21]. However, the governments' activities never, before 1939, amounted to anything approaching economic 'management': rather, local governments saw their role as being to provide essential services which no other agency was willing to provide, in

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18 Pearce (1987), pp.266-7.

19 Brett (1973), pp.300-11; Howard (1978), p.23; I.M. Drummond, Imperial Economic Policy, 1917-1939, (1974), p.435.

20 On the development of manufacturing in West Africa between the wars, see Kilby (1975), pp.472-92; R. Olufemi Ekundare, An Economic History of Nigeria 1860-1960, p.117-85; Hopkins (1973), 262-3.

21 Constantine (1984), pp.195-226; D.G. Meredith, 'The British Government and Colonial Economic Development, with particular reference to British West Africa, 1919-1939', unpublished University of Exeter Ph.D. thesis, (1976), pp.119-26; Meredith (1975), pp.489-94.

order to create conditions attractive to private investors[22].

Arguably of greater significance was the outlook of local administrators. The largely negative influence of the trusteeship ideology permeated local governments long after its hold on the metropolitan official mind had weakened[23]. Notwithstanding their supposed rejection of modern British life and idealisation of African 'tribal' society, colonial administrators had rational, if unsophisticated, motives for conservatism between the wars, grounded in an over-riding preoccupation with maintaining political stability, and with doing so as frugally as possible. Confronted with subsistence economies and under-utilised resources, colonial governments concluded that African welfare could best be promoted through the expansion of primary production for export.

Confidence in this minimal role for government was shattered by the Depression[24]. Ironically, when state intervention was most needed, if only to provide basic welfare services, colonial governments found their funds disastrously reduced by the decline in revenue from trade[25].

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22 Pearce (1987), pp.266-7; Forbes Munro (1984), p.32; Fieldhouse (1982), p.487.

23 See, e.g., P.J. Cain and A.G. Hopkins, 'Gentlemanly capitalism and British expansion overseas II: new imperialism, 1850-1945', EcHR, 40, 1 (1987), pp.1-26; J.M. Lee, Colonial Development and Good Government: a study of the ideas expressed by the British official classes in planning decolonization, 1939-1964, (Oxford, 1967); C.C. Ehrlich, 'Building and Caretaking', EcHR, 26, 4 (1973), pp.649-67; R.E. Robinson, 'The Moral Disarmament of African Empire 1919-1947', JICH, 8, 1 (1979), pp.86-104; Brett (1973), p.75; Meredith (1975), p.494.

24 Forbes Munro (1984), p.31.

25 Ibid..

This in itself was a further disincentive to experimentation with revenue-threatening industry. More importantly, the entire notion of development based on private enterprise was shaken[26].

This experience, together with wartime economic mobilisation, convinced administrators both in London and at the periphery that development required a substantial contribution from government, particularly in its planning[27]. Traditionally, the Treasury-inspired orthodoxy of colonial financial self-sufficiency had been the overriding constraint on greater activity by local governments. With the abandonment of this and the promise of metropolitan grant-aid after 1940, together with the possibility of increased revenues from progressive taxation, introduced with London's blessing, the prospects for government-sponsored development brightened[28].

Nevertheless, even when individual colonial governors, such as Burns in the Gold Coast and Bourdillon in Nigeria, favoured industrialisation, the problem remained that colonial governments were poorly equipped to promote development. Personnel shortages were aggravated by retrenchment in the 1930s and compounded by the depletion of staffs and the expansion of work during the war. Only

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26 P. Hetherington, British Paternalism and Africa, 1920-1940, (1978), p.91; W.K. Hancock, Survey of British Commonwealth Affairs II. Problems of Economic Policy 1918-1939, (1940, 1942), p.323; Lee and Petter (1982), p.26.

27 Ingham (1987), p.251.

28 On wartime taxation policy, see Shuckburgh (II), pp.305-18.

gradually did establishments resume pre-Depression levels in the postwar years[29].

Faced with the problems associated with the operations of the expatriate firms, coupled to a growing recognition of the inadequacies of existing colonial governments to undertake effective economic development, the Colonial Office explored new means of harnessing the entrepreneurial potential of private capital within politically acceptable structures under public control. Against a metropolitan background of wartime collectivism, the Colonial Office debated the value of public corporations in promoting development. However, what had originally been seen as a vehicle for industrialisation was eventually translated into a Colonial Development Corporation intimately associated with the postwar drive to promote dollar-earning primary production[30].

Overshadowing the problems of finding the resources needed to develop colonial industry was an even more fundamental obstacle, the longstanding opposition of influential metropolitan interest groups to competitive manufacturing within the colonial empire. This hostility derived not only from specific exporting sectors, such as the Lancashire cotton industry, but also from within Whitehall. The Board of Trade, acting to defend British manufacturers' interests, was the chief obstacle to the

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29 Jeffries (1972); Lee and Petter (1982), pp.210-15; R.D. Pearce, 'Morale in the Colonial Service in Nigeria during the Second World War', JICH, 11, 2 (1983), pp.175-96.

30 Morgan (1980) Volume II, ch.6; M. Cowen, 'Early years of the Colonial Development Corporation: British State Enterprise Overseas during late Colonialism', African Affairs, 83, (Jan 1984), pp.63-75.

Colonial Office's plans for industrialisation. After the war, the Board was joined by the Treasury, which resisted deviations from primary export production designed to earn or save dollars.

Fundamentally, metropolitan policy-makers outside the Colonial Office assumed a complementary, non-competitive relationship between the British and colonial economies. In return for their agricultural and mineral exports, the colonies received British manufactured goods, a division of labour claimed to benefit both sides[31]. Proponents of this view, from Joseph Chamberlain onwards, understood colonial 'development' to mean improved primary production for export, confirming the dependence defined in Hopkins' description of the 'open economy'[32]. The Depression, which converted the Colonial Office to a belief in diversifying the colonial economies, also strengthened the attachment of some British interests, articulated throught the Board of Trade, to 'safe' colonial markets, and accentuated their resistance to competition from indigenous manufacturing[33].

In 1934, and again in 1937, the Colonial Office attempted to obtain Cabinet authorisation for limited colonial industrialisation. Each attempt was abortive[34]. These experiences shaped the Office's subsequent tactics. The Office learned that little progress was possible without

31 See, e.g., Meredith (1976), p.129f; Constantine (1984), p.286f.

32 Hopkins (1973), ch.5; Forbes Munro (1984), p.62; Constantine (1984), pp.228, 286; Meredith, (1975), p.495; Brett (1973), pp.72-3.

33 Brett (1973), p.71.

34 Meredith (1975), pp. 495-497; Meredith (1976), pp.131-9; Drummond (1974), pp.441-2.

the approval of Whitehall. Despite some encouraging indications of a softening of attitudes during the war, and an apparent willingness by the Board of Trade to adjust to changed postwar trading patterns, this approval eluded the Colonial Office throughout the period under consideration. After the war, when other sections of the metropolitan were to show an unaccustomed interest in colonial development, the Colonial Office was obliged to set aside the ambitious ideas produced during the reconstruction planning debate, and acquiesce in a short-sighted metropolitan attempt to solve the sterling crisis by developing colonial resources[35]. This was seen particularly in the control by Britain of the supplies which colonial diversification would have required. Wartime shortages of basic development materials were followed not by the expected liberalisation of exports to the colonies, but by a selective policy which considered colonial needs inferior to those of Britain and more lucrative export markets[36]. The Colonial Office's brief experience of relatively untramelled speculation about the possibilities of colonial development proved to have been founded upon a misconception of the wider goals of the metropolitan government, goals which the Office had little power to influence.

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35 For the growing literature on postwar colonial development, see, e.g., Morgan (1980) Volume II; P.S. Gupta, 'Imperialism and the Labour Government', in J.M. Winter (ed), <u>The Working Class in Modern British History</u>, (Cambridge, 1983), pp.112-15; R. Hyam, 'Africa and the Labour Government, 1945-1951', <u>JICH</u>, 16, 3 (1988), pp.148-9; D.K. Fieldhouse, 'The Labour Governments and the Empire-Commonwealth, 1945-51', in R. Ovendale (ed), <u>The Foreign Policy of the British Labour Governments, 1945-1951</u>, (Leicester, 1984); A.E. Hinds, 'Sterling and Imperial Policy, 1945-1951', <u>JICH</u>, 15, 2, (1987).

36 Morgan (1980) II, ch.1. For statistics of imports into West Africa, see tables 1-3 below.

CHAPTER ONE: THE IMPACT OF WAR ON DEVELOPMENT POLICY 1939-1942

The period between September 1939 and the end of 1942 was one of new and exacting challenges for colonial administrators both in London and in West Africa. On the one hand there were responsibilities arising from the Colonial Development and Welfare Act of 1940; on the other was the impact of war on the colonial economies and administrations. During this period, the latter effectively circumscribed the former. Progress with development was limited by shortages of money, materials and personnel. Initially, colonial economic policy was dominated by the need to reduce colonial demands on metropolitan production, through reduced consumption, and to efforts to protect sterling, through currency controls. Although these concerns persisted throughout the period, and beyond the duration of the war itself, from 1942 they were joined by the aim of maximising the colonial contribution to the Allied war effort, through the production and evacuation of valuable raw materials. Coping with these tasks left officials little time to reflect on the longer-term issues involved in economic development. Furthermore, officials in London and West Africa still lacked adequate machinery for economic planning. Although this deficiency was recognised, little had been accomplished by the end of 1942 to equip either London or local governments to produce, evaluate and implement the detailed, integrated programmes of development which metropolitan officials increasingly saw as essential. Despite these problems, some, admittedly fragmented, consideration was given to post-war colonial reconstruction.

It is, therefore, possible to trace the evolution in these years of official attitudes to important development themes, including the potential role of manufacturing in securing more diversified production. These attitudes were often shaped in response to local developments which obliged the Colonial Office to raise the subject of colonial industrialisation, historically a sensitive one, with its colleagues in Whitehall, to obtain an authoritative policy ruling for transmission to the colonial governments. In the process the Office revealed its own guarded approval for the growth of manufacturing, but there persisted in the response of other government departments an ambiguity towards this question which formed an unsatisfactory basis for the elaboration of policy.

The impact of war

With the outbreak of war, London immediately urged the colonial governments to retrench. The colonial war economy had three central features. First, colonies were asked to reduce or avoid expenditure of foreign currency, especially dollars. Secondly, they were urged to control imports through licencing systems. Finally, they were encouraged to introduce, or extend, direct taxation[1].

Under wartime conditions, it seemed likely that the development initiative would be stillborn. MacDonald's successor, Lord Lloyd, briefly considered inserting into the

1 For the impact of the war, see Parliamentary Papers (1946-47) Cmd.7167 x. 403 The Colonial Empire, 1939-1947; Sir John Shuckburgh, 'Colonial Civil History of the War, Volume I', unpublished manuscript, (University of London Institute of Commonwealth Studies Library); Porter and Stockwell (1987); Lee and Petter (1982), chs. 2 and 3; Killingray and Rathbone (1986), pp.1-19.

CD & W Bill a clause suspending its operations for the duration. The Treasury, although interested in the economic contribution the colonies could make to the war effort, remained doubtful about the prospects for advancing the 'social' aspect of development. During the 'Phoney War', a working compromise was reached between the Treasury and the Colonial Office, but as conditions deteriorated in summer 1940, the Treasury view prevailed. On 11 June 1940, the Parliamentary Under-Secretary, George Hall, warned that little progress could be expected under the new Act because of the shortage of resources and personnel[2]. In September 1940, stringent criteria were set out restricting applications for metropolitan assistance to schemes with a direct bearing on the war effort, and which required only local resources[3]. Consequently, except in the West Indies, whose proximity to the still neutral United States convinced Churchill of the political necessity of progress with development, CD & W provision was all but suspended[4].

As the war progressed, concern arose in the Treasury, echoed in the Economic Department of the Colonial Office, that not enough was being done by local governments to curb non-essential imports, and imports from the dollar area. By May 1940, the need to economise on shipping space took precedence over concern to limit the spending of foreign exchange, and required more rigorous import control by colonial governments[5]. Lloyd's successor, Moyne, therefore

2 Constantine (1984), p.257.

3 CO 859/41/1, circular despatch from Lloyd, 10 Sept 1940.

4 Lee and Petter (1982), pp.104-105.

5 Bowden (1980), p.83.

urged local governments to restrict imports still further, to save on scarce shipping space and foreign exchange, and to ease the demands on metropolitan production. He called for tighter import licensing, especially on dollar goods. Moyne also requested measures to reduce consumption through increased taxes, such as had been introduced in Britain, whose taxation levels the colonies were encouraged to emulate[6]. Since the outbreak of war, officials in London and the colonies had been concerned about inflation, fuelled by the shortage of imported goods[7]. Taxation was seen, primarily, as an anti-inflationary mechanism, although its extension during the war had important future implications for colonial government revenues.

Initially, London expected that the colonies' chief wartime role would be to supply raw materials and foodstuffs for Britain and her allies. By summer 1940, the Colonial Office was revising this view[8]. At least until 1942, colonial resources were often more a liability than an asset, because of the loss of important European markets and the shipping shortage[9]. Before 1939, over 40 per cent of the exports from Britain's African territories had gone to markets outside the Empire, mainly in Europe and the USA. Because of the disruption of normal trade, colonial produce often lay unsold and unshippable.

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6 PP (1940-41) Cmd.6299 viii 1, Certain Aspects of Colonial Policy in War-Time, 5 June 1941. On developments in metropolitan taxation policy in this period, see W.K. Hancock and M.M. Gowing, History of the Second World War UK Civil Series. British War Economy, (1949), pp.170, 327-8.

7 Bowden (1980), p.86.

8 CO 852/348/9, minute by Melville, 12 June 1940.

9 Shuckburgh I, p.103.

The most important legacy of the 1930s was the Colonial Office's belief that steps were needed to stabilise primary producers' incomes[10]. The February 1940 Statement of Policy recognised the dependence of many colonies on limited agricultural resources. Because the value of agricultural produce was liable to fluctuate, colonial governments could not depend upon the secure revenues necessary for sustained development. This had been the underlying economic justification for CD & W aid. One consequence of producer insecurity, reinforced by the experience of the West African cocoa 'hold-ups' in 1937-38, was officials' interest in methods of regulating produce marketing. In 1938, the Nowell Commission, which investigated the structure of marketing in the region, recommended state intervention to ensure fairer prices for African producers. Under existing arrangements, the largest European trading firms had combined to form 'pooling' agreements for buying agricultural produce. To African producers, this concentration of the European trading firms' activities along oligopolistic lines demonstrated the firms' attempts to pay the lowest possible price for West African produce. Despite the intensity of African hostility towards the firms, and despite the Nowell Commission's recommendations for a statutory marketing scheme, the Colonial Office was unwilling to attempt to loosen the oligopoly's hold. Its steps to reactivate the Colonial Empire Marketing Board were intended to assist the existing export trade, for example through market research and technical advice. Although the Office recognised the economic, and ultimately the political problems of

10 Bowden (1980), p.76.

agricultural over-specialisation, and to the domination of the export trade by the European oligopoly, it lacked the confidence to create an alternative marketing system, fearing the firms' obstruction. This sense of helplessness in the face of what officials saw as inevitable developments towards larger economic units and reduced competition does not necessarily imply official endorsement of the activities of European traders, but suggests that the Colonial Office had not begun to explore seriously the need to extend state economic intervention.

Increasingly, however, the wartime mobilisation of colonial resources and, later, the need to plan postwar development, undermined the official bias towards non-intervention[11]. The growth of produce surpluses, especially of cocoa and oilseeds in West Africa, gave local governments strong political arguments for assisting local producers, in order to avoid unrest, especially in wartime[12]. London established the West African Cocoa Control Board in September 1940, to buy cocoa at a fixed price through licenced buying agents, with African producers being promised 'fair' prices[13].

An alternative, or complement, to stabilising the West African economies through improved produce marketing was economic diversification into new activities such as the production of food crops for local consumption, the

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11 Ibid., pp.29,36-9,48,54-6,76; Meredith (1988), pp.285-300.

12 M. Cowen and N.J. Westcott, 'British Imperial Economic Policy During the War', in Killingray and Rathbone (1986), p.42.

13 Bowden (1980), pp.84-5; Meredith (1986), pp.77-91.

processing of raw materials before export, and the manufacture of consumer goods. As Bowden argues, at the outbreak of war, the Colonial Office did not see industrial development either contributing substantially to the war effort, or providing a solution to long-term colonial economic problems[14]. On the other hand, the Office did not obstruct the introduction of manufacturing industries showing promise of long-term viability[15].

In August 1940, Arthur Greenwood, then a Minister without Portfolio, assured the Commons that the entire question of produce surpluses, and the possible establishment of storage and processing facilities in the colonies, was being considered by a sub-committee of the Cabinet's Economic Policy Committee[16]. The extension of controls on non-essential imports into the colonies was another factor prompting questions on the scope for colonies to develop import-substituting industries to help meet the shortage of metropolitan exports. The Colonial Office was initially sceptical about the potential for local manufacturing as a remedy, chiefly because it seemed impossible to supply the necessary machinery from Britain, and because exchange restrictions made it undesirable to release dollars to buy machinery from the USA[17]. In December 1940, the Parliamentary Under-Secretary, George Hall, admitted that little progress had been made in developing

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14 , p.88.

15 Ibid..

16 Parliamentary Debates (Commons), 364, col.1339, 21 Aug 1940.

17 CO 852/348/9, minute by Melville, 12 June 1940.

manufacturing for war purposes, mainly because of the shortage of necessary plant[18]. When questioned about the steps being taken in the colonies to compensate for the loss of overseas markets, for example through local processing and manufacturing, Hall replied that the preparation of a statement would involve an unjustifiable amount of work for officials[19].

However, guarded encouragement for industrialisation emerged during a major Lords debate on colonial economic policy conducted the day before Hall's discouraging speech. Replying to Lord Farringdon, one of Labour's spokesmen on colonial affairs, who spoke of the importance of freeing the colonies from their over-dependence on raw material exports and who demanded assistance for local industrial development, Lloyd expressed interest in manufacturing. He recognised Britain's duty to help foster healthy colonial economies:

> They should not merely depend upon one industry or upon the export trade of primary products, but, within the range of what is economically sane and sound, you should try to develop a reasonable number of secondary industries in the Crown Colonies.

Though endorsing the desirability of diversification, Lloyd admitted that such a policy would be difficult to implement, and emphasised the mutual duties between Britain and her colonies,

> the Mother Country, whose taxpayers provide large sums for the defence of the Crown Colonies, must have its interests taken into consideration[20].

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18 <u>PD(C)</u>, 367, cols.518-9, 4 Dec 1940.

19 Ibid., cols.1239-40, 18 Dec 1940.

20 <u>Parliamentary Debates (Lords)</u>, 118, cols.123-40, 17 Dec 1940.

In this context, the British 'interests' referred to were those of exporters of manufactured goods.

Economic diversification: the option of manufacturing

Any sketch of the 'official mind' of the Colonial Office in the period 1939-1942 on major questions of economic policy depends upon scattered, and relatively rare, statements. Not only was the pressure of business acute, inhibiting long-term reflection. The Colonial Office was also unaccustomed to codifying its economic, or, indeed, other policies, in a readily accessible form. As Clauson, who ran the Office's Economic Department later commented,

> Ever since the Economic Department was formed in 1934, we have regarded it as one of its functions to endeavour to promote a common economic doctrine not only within the Office, but also in the Colonial Empire generally. There was no question, until the out-break of the war, of reducing this common economic doctrine to a stated formula. It was rather a question of dealing with problems as they arose in accordance with certain unstated principles, which were inherent in our general policy[21].

This reluctance to produce generalised policy statements was reinforced by the still strong bias towards treating problems on a 'Geographical' basis, rather than thematically across the colonial territories. While this had begun to crumble the practice continued to find loyal adherents among conservative senior officials, and contributed to a major division of official opinion on how best to pursue the development policy[22].

21 CO 852/503/7, minute, 2 Sept 1942.

22 Lee and Petter (1982), p.28; Meredith (1988), pp.286-7.

Compounding these problems was the lack of continuity in the Colonial Office's political leadership. Between September 1939 and the end of 1942, the Office served five Secretaries of State. It was difficult, therefore, to sustain the momentum following Cabinet's initial approval of the CD & W policy. Although Moyne, in his twelve months' tenure, showed a personal commitment to progress with development, neither he nor his successors matched MacDonald's vigour in advancing new lines of policy. Not until the appointment of Oliver Stanley in November 1942 did the Colonial Office achieve comparative stability at its head.

Some indication of the Colonial Office's private views on industrial development is provided by its reactions to a memorandum on export trade policy produced by Lord Stamp of the War Cabinet's Economic Secretariat during September 1940[23]. This attracted the attention of Colonial Office officials because the Government had accepted its recommendations in principle. Its most pertinent sections explained that in wartime it was necessary to examine whether the shortage of imported British goods for the colonies should be met by steps to produce similar goods locally. The memorandum favoured encouraging 'reasonably economic' colonial industries, especially those based on

23 The Survey of Financial and Economic Plans, or 'Stamp Survey', was Whitehall's response to requests in July 1939 for a review of government departments' mobilisation plans. See Alec Cairncross and Nita Watts, The Economic Section 1939-1961. A study in economic advising, (1989), pp.xi, 11-14; Alec Cairncross, Years of Recovery. British Economic Policy 1945-51, (1985), p.55; Sir D.N. Chester (ed), Lessons of the War Economy, (Cambridge, 1951), pp.3-4.

local produce, which could be established using mainly local labour[24].

The Colonial Office decided to send the memorandum to the colonies, though some senior officials questioned its assumptions, especially the definition of 'economic' industries. As Caine commented, opinions on this question varied considerably:

> The enthusiasts for local industry will regard anything capable of physical operation as reasonably economic irrespective of its cost, while the believers in strict laissez faire, if there are any left, will regard nothing as economic which requires a vestige of protection from outside competition[25].

Clauson, too, advised caution. He claimed that the Economic Department of the Colonial Office was 'wholeheartedly sympathetic' to colonies which seized the opportunity provided by the war to establish 'sound' secondary industries, but, he pointed out, wartime conditions were abnormal, and industries introduced under these circumstances might lose their economic justification after the war:

> It would be a disaster if one of the by-products of the war was a monstrous spawning of uneconomic industries in the Colonial Empire, and we should be greatly and rightly blamed if any part of the responsibility for it could be placed upon our shoulders[26].

Some of these apprehensions were incorporated in Moyne's covering note which accompanied the depatch in March

24 BT 11/1368, P(E & F)(40)115, War Cabinet Survey of Economic and Financial Plans, 'Export Trade Policy', 18 Sept 1940; CO 852/349/4, circular despatch from Moyne, 22 Mar 1941; E.L. Hargreaves and M.M. Gowing, <u>History of the Second World War - UK Civil Series Civil Industry and Trade</u>, (1952), pp.70-73.

25 CO 852/359/4, ~~[illegible]~~ minute, 27 Nov 1940.

26 Ibid., minute, 28 Nov 1940.

1941. Fully agreeing with Stamp's argument that economic industry in the colonies should be encouraged, Moyne pointed out that it nevertheless reflected short-term, that is, wartime, considerations: colonial governments would need to take a long-term view. He stressed that a colony would derive little benefit from establishing an industry which could not produce goods comparable in quality and price to those previously imported. The more dependent an industry was on protection, the more likely it was to be a burden rather than an asset to a colony, although he recognised that 'special measures' might be needed to counter attempts to 'stifle' a local industry, for example where competitors resorted to 'dumping'.

Secondly, Moyne reminded the colonial governments that he could not overlook British exporters' interests. Most colonies, he contended, benefited from their links with Britain, notably in the field of defence (a timely example), and, while local interests should remain paramount, industrial development should be tailored to do the minimum possible damage to British exporters. In addition, the entire market of a colony ought not be reserved for local industries: not only should existing British suppliers retain some business, but local consumers would benefit from the efficiency encouraged by some foreign competition[27].

More revealing indicators of the Colonial Office's priorities can be derived from the early consideration given to the question of post-war reconstruction. The Committee on Post-War Problems, the Colonial Office's response to the 'false dawn' of reconstruction planning, was established in

27 Ibid., circular despatch, 22 Mar 1941.

March 1941 to examine a broad range of questions expected to arise after the war. The Committee, apparently the first of its kind to be created by a Whitehall department, was primarily a fact-finding body[28]. The importance of its discussions is that they enabled the two officials with the greatest experience of economic affairs, Clauson and Caine, to speculate on likely post-war conditions in the colonies.

Clauson's ideas drew heavily on the experience of developments after 1918. Foreseeing a shortage of goods and shipping during the 'transition' period at the end of the war, he feared that without government intervention, there would be a boom followed quickly by a slump:

> After the last war economic forces were broadly speaking left unchecked, and primary producers in the period immediately after the war reaped a rich harvest owing to the high prices which they received for their goods. The consequences, so far as most colonial producers at any rate were concerned, were almost wholly evil. In the first stage they received more money than they knew what to do with; much of it was wasted; and exaggerated ideas of the value of their products and numerous expensive tastes were acquired[29].

High raw material prices, he went on, had raised the price of goods produced from them, a situation which had persisted after raw material prices fell. Wartime experience of bulk purchase by government could usefully be continued after the war, enabling colonial governments to control the supply,

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28 CO 859/80/3, minutes by Jeffries, 4 Mar 1941 and Parkinson, 6 Mar 1941; CAB 117/251, 'CO Committee on Post-War Problems', 15 July 1941; PD(C) 373, col.593, 16 July 1941. The Committee was chaired by Lord Hailey and comprised four Assistant Under-Secretaries: Dawe (head of the Africa Division), Jeffries, Clauson and Burns, the latter then temporarily 'beachcombing' in the Colonial Office between his Governorships of British Honduras and the Gold Coast.

29 CO 852/503/9, CPP 65, 'Colonial economic problems in the Reconstruction Period', 31 Mar 1941.

and hence the price, of raw materials, thereby limiting the scale of the expected post-war 'boom'. Furthermore, colonial governments could reserve their profits from selling commodities during the boom to supplement prices paid to producers during the subsequent slump.

> Some rise of price to the producers would of course have to be allowed in order to compensate them for the higher prices which they would have to pay for their requirements; but if any additional profits were earned it would, at any rate in backward places like West Africa, be better to keep them under control and dole them out in the ensuing slump than to let them get prematurely into the hands of the producers[30].

Clauson subsequently emphasised the need to end the 'wild' short-term price fluctuations characteristic of the inter-war years[31]. Thus he had prefigured paternalistic justifications for the system of state produce marketing eventually created in post-war West Africa.

On development as such in the reconstruction period, Clauson again felt important lessons could be learned from post-1918 experiences. There must be no repetition, he argued, of the 'unco-ordinated' and 'badly conceived' development which had occurred then, with ambitious post-war schemes, initiated during the brief 'boom', in some cases leaving colonies with heavy debt burdens during the protracted slump. Clauson envisaged three main lines of future development policy. First, the encouragement of economic diversification would continue, for example through the increased production of food for local requirements.

30 Ibid..

31 CO 852/504/5, CPP(123)1, 'The overseas trade of the British Colonial Empire before, during and after the War', 16 Feb 1942.

Secondly, the 'discreet' policy of encouraging secondary industries on an 'economic' or 'near economic' basis would continue. Here, Clauson's choice of words is instructive, underlining the continuing delicacy of the subject, as perceived by the Colonial Office, within metropolitan circles. Clauson saw the object of this policy as enabling colonies to supply simple items for themselves, thereby releasing local purchasing power for expenditure on more sophisticated, imported, goods. The third aspect of development policy, he thought, would be the expansion of commodity production, either in terms of volume, where suitable markets could be found, or of value, in cases where raw materials could be processed locally[32].

Caine's submission to the Post-War Problems Committee, was also cautious in predicting future development. He warned that Britain faced severe financial difficulties, and that domestic reconstruction would make substantial demands on metropolitan resources. Therefore, colonies should first try to finance development from their own resources, using their sterling balances being built up in London as a useful source of development capital. Caine also felt that wartime produce marketing arrangements, together with increased taxation, and the likely post-war scarcity of consumer goods, could be expected to swell government revenues. On the other hand, Caine warned that the supply position would be difficult. He showed a degree of prescience not always shared by metropolitan commentators:

> I think we must count on some appreciable time elapsing before material is freely

32 CO 852/503/9, CPP 65, 31 Mar 1941.

> available from this country for Colonial development[33].

Not only would the postwar resumption of development probably take longer than many hoped. The expected shortage of metropolitan goods could not be alleviated by the promotion of manufacturing in the colonies. Caine's reasons once again reflect the subject's controversial nature:

> ...a definite policy of promoting any big industrial development would be (a) unlikely to produce any quick results (b) likely to produce a lot of uneconomic industries and (c) certain to produce trouble with United Kingdom manufacturers[34].

A more positive view of colonial industry surfaced at the Committee on Post-War Problems in May 1941. At its third meeting, the Committee agreed in principle that industrial development should be encouraged notwithstanding any opposition from British manufacturers. It was also agreed that more information was needed on the extent of industrial development in the colonies to date[35]. A questionnaire was therefore sent to all colonies in an attempt to rectify the Colonial Office's ignorance. The Office possessed nothing, for example, to compare with the information on colonial primary production collected for the pre-war <u>Economic Surveys</u>. Even at this stage, officials recognised their ignorance as an obstacle to reconstruction planning. Besides requesting information on the scale and type of manufacturing in the colonies, the Office asked whether assistance in the form of protective tariffs had been

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33 CO 852/503/8, CPP 52, 'Thoughts on reconstruction in the Colonial Empire', (n.d., but probably Apr 1941).

34 Ibid..

35 CO 967/13, CRC(41) 3rd meeting, 1 May 1941 (the Committee was briefly known as the 'Reconstruction' Committee).

granted or was judged to be necessary to these industries' survival, and whether these industries competed, or might compete, with exports from Britain, other parts of the Empire or the USA[36]. The latter two queries indicate the delicacy of these subjects.

What is striking about the sparse official references to industrial development in this period is the absence of attempts to explore the advantages of manufacturing. The subject was not, apparently, yet of major concern. The Office showed no outright hostility to such development: on the contrary, it welcomed industry likely to survive without artificial protection. However, officials spent little time discussing the promotion of industry. Given the additional work which the war had produced for the Colonial Office, this is not surprising. This apparent indifference was not shared by the West African colonial governments, and the multiplication of proposals to establish industries after 1942 obliged the Colonial Office to re-examine its attitudes, and, most importantly, to air this traditionally thorny issue in Whitehall.

The machinery of economic development

Spring 1941, when Moyne succeeded Lloyd, saw not only the Colonial Office's first limited exercises in preparing for post-war reconstruction, but also growing concern within the Office to revive CD & W policy, an early victim of worsening conditions after the fall of France. Bowden argues that the impetus for this came from Churchill's instruction

36 CO 852/368/12, circular despatch, 'Secondary industries in the Colonies', 27 May 1941. It is not known whether any replies to this despatch have survived.

to Moyne, in February 1941, to implement the welfare proposals of the West India Royal Commission, a matter made urgent by the grant of military bases in the West Indies to the United States, to which Britain had to demonstrate good faith by pursuing constructive colonial policies, to stem the tide of American anti-colonialist rhetoric[37]. Moyne, who chaired the Royal Commission, had witnessed colonial poverty, and was convinced of the need for development. He sought to capitalise on Churchill's directive by extending it to the colonies generally[38]. The Colonial Office did not universally share Moyne's optimism. Sir Cosmo Parkinson, recalling the disappointment when development was curtailed in 1940, feared that activity might have to be suspended again, 'which would be deplorable from every point of view'[39]. Moyne, however, suspected that the absence of development proposals denoted that local governments assumed that the CD & W Act had been suspended, and he sought to correct this impression[40]. In June 1941, Moyne addressed the need to balance the maximum use of colonial resources for the war effort, and the desire to safeguard the welfare and further development of the colonies. He urged colonial governments not to waste resources so that development would not impede war production. However, he emphasised the need to maximise the colonial contribution to the war effort, and said little about <u>how</u> local governments could promote

37 Bowden (1980), p.130; see also Lee and Petter (1982), pp.104-6.

38 Ibid..

39 CO 852/482/6, Parkinson to Moyne, 28 Mar 1941.

40 Morgan (1980) I, pp.91-2.

development[41]. Nevertheless, Moyne encouraged colonial governments to submit essential development schemes. Moyne's references to accelerated development may have been merely a 'sweetener', making palatable the calls for increased taxation and tighter import controls which formed the main thrust of his despatch. Yet, privately, Moyne rejected as 'unthinkable' any suggestion that colonial living standards could be lowered further[42].

These attempts to reactivate the CD & W policy led also to renewed discussions on development planning, and on the administrative machinery this would require. A central feature of the new policy was that future development should be planned. Colonial governments had been invited to prepare development programmes, covering a period of years. The intention to give assistance 'primarily towards planned development' was one of the chief differences between the new legislation and the Colonial Development Act of 1929[43]. Echoing Clauson's anxiety, Jeffries called for careful planning to avoid the 'undesirable consequences' which would follow the inevitable post-war 'reaction'. Schemes approved under the CD & W Act would have to complement each colony's general development plan[44]. Moyne, too, stressed the need to begin planning in readiness to resume development when possible: 'Past experience warns us of the danger of starting work on ill-considered lines for want of the

41 See above, p.27.

42 CO 852/482/6, minute, 1 Apr 1941.

43 Morgan (1980) I, p.89.

44 CO 859/80/3, minute, 4 Mar 1941.

necessary forethought'[45]. More problematic, however, was creating the machinery required to co-ordinate planning. In 1940, the intention had been to establish advisory committees in the Colonial Office on development and research, to examine applications for assistance. The creation of these committees had been deferred indefinitely, since few development schemes were expected. Once colonial governments had been encouraged to prepare development programmes and to apply for grants in June 1941, the Colonial Office had to examine its existing machinery. Officials believed that at least one of the committees originally proposed should now be established[46]. One factor which convinced officials that an advisory committee should be formed was a desire to placate the ever-vigilant Treasury[47]. Moyne, aware of Churchill's distaste for further expansion among Whitehall's advisory bodies, wanted the new supervisory work to be done by Colonial Office staff[48]. In November 1941, the Colonial Development and Welfare Advisory Committee (CDWAC) was established, comprising five senior officials, including Caine and the Financial Adviser, Sir John Campbell, and chaired by Lord Dufferin, Parliamentary Under-Secretary between 1937 and 1940. It soon transpired, however, that there was insufficient work for the Committee. Hall's admission in January 1942 that the Committee demanded only one hour per week of Dufferin's attention aroused public criticism,

45 CO 852/482/6, minute, 1 Apr 1941.

46 CO 583/262/30498/1941-43, minute by Jeffries, 17 Sept 1941.

47 Ibid., minute by Parkinson, 19 Sept 1941.

48 Ibid., minute by Moyne, 23 Sept 1941.

itself soon to reach new heights in the wave of recrimination and self-examination following the collapse of Malaya in February 1942[49]. The CDWAC was a mere stop-gap. Dependent on proposals from the colonial governments, it was no more capable of seizing the initiative in development than its predecessor, the CDAC, had been. It was not equipped, nor was it intended, to tackle broad policy questions, such as economic diversification, industrialisation, or government's economic role. The decision to make the Committee entirely official in composition suggests a reluctance to include 'unofficial' advisers in the Colonial Office's discussions.

The colonial governments, like London, lacked adequate planning machinery. Wartime mobilisation had reduced the strengths of colonial administrations, already depleted by retrenchment in the 1930s. Hailey believed the solution was not to recruit 'specialists', academic or commercial, but to make a facility with economic questions, as opposed to subjects such as health or agriculture, a normal requirement of staff recruited into the Colonial Service, and colonial governments should regard economic production as one of their normal activities[50].

Bourdillon had sought a full-time economic adviser to assist Nigerian development, specifically, responsible for co-ordinating his government's development activities. He doubted, however, whether a development organisation could be built in Nigeria 'from the bottom upwards', as the

49 On the reactions to the losses in the Far East, and the resulting criticism of Britain's colonial record, see Louis (Oxford, 1977), pp.135-39.

50 CO 967/13, CRC(41) 4th meeting, 6 May 1941.

Economic Department of the Colonial Office had been, since the Lagos Secretariat lacked the Office's network of contacts. The central problem, however, was the wartime scarcity of suitable personnel[51]. This prompted Bourdillon to argue that too rigid an insistence on the grouping of development schemes into coherent programmes might stifle planning entirely, and that flexibility was necessary if any progress were to be made[52].

The Colonial Office's apparent failure to create satisfactory supervisory and initiatory machinery attracted criticism within Britain. In June 1942, Conservative MPs called for a 'Colonial Development Board', responsible to the Secretary of State for all existing advisory committees, and for spending the Colonial Office's annual Vote[53]. The Office decided to establish an Economic Advisory Committee in 1943[54]. The Fabian Colonial Bureau suggested that a Development and Welfare Commission should be created for West Africa, an idea inspired by the Colonial Office's only wartime exercise in establishing regional development machinery, the formation of the West Indies' Development and Welfare Commission in 1940. This body, deemed essential by the West India Royal Commission, was to collaborate with local governments in planning development. This step was closely linked to Churchill's concern to placate American

51 CO 583/253/30463/1940, Bourdillon to MacDonald, 11 Mar 1940; note of discussion with Bourdillon, 30 Apr 1940.

52 CO 583/262/30519/1942, record of discussion between Sec. of State, Bourdillon and senior officials in Colonial Office, 27 May 1942.

53 PD(C), 380, cols.2025-6, 2032, 2034-8.

54 See below, ch.2, pp.101-2

opinion by pressing ahead with CD & W in the neighbouring West Indies[55]. The Commission's work was slow, however, partly owing to shortages of both personnel and materials[56].

This precedent convinced the FCB that a similar organisation was needed for West Africa[57]. Above all, the Bureau was concerned about the time taken for development schemes to be discussed in the West Indies. The Bureau concluded that development planning for West Africa could not begin too soon, if co-ordinated development were to be achieved within a 'reasonable' period of the war's end. This work required a group of full-time Commissioners, to make enquiries, examine plans, and discuss with local officials the needs of each colony[58]. The fundamental difficulty, as perceived by the Colonial Office, was to find suitable staff for a Commission, but it was also feared that its investigations would create burdens for local administrators, distracting them from war work[59].

These discussions exposed a problem implicit in development policy since its inception, namely whether the initiative in development should come from London or from the colonies. More conservative officials opposed increased metropolitan intervention. The February 1940 Statement of Policy explained that development planning required

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55 See above, pp. 38-9.

56 Morgan (1980) I, pp.137-40.

57 Rhodes House Library, Oxford MSS Brit.Emp.s365, Fabian Colonial Bureau Papers, 67/1 f26, Rita Hinden to Cranborne, 5 Oct 1941.

58 Ibid..

59 CO 859/81/8, minutes by O.G.R. Williams, 31 Oct 1942 and Dawe, 5 Nov 1942.

appropriate machinery and personnel both in the colonies and in Britain, but stressed, however, that their work must be co-ordinated, but also collaborative, London's role being to assist and guide, not to dictate policy[60].

In the Colonial Office, some believed that practice had strayed from intention. Dawe, head of the Africa Division, sympathised with calls for a Development and Welfare Commision for West Africa because he thought this would be both more practical and more constructive than the existing system of centralised Colonial Office control of CD & W expenditure[61]. Future progress would require a means of making funds available to colonial governments without the reference of detailed individual schemes to London: 'a policy of devolution is the right road to efficient action in this as in other matters'. While the Secretary of State should continue to determine broad lines of policy, Dawe saw no reason why colonial governments, which enjoyed considerable latitude in spending their own revenues, should not have similar freedom with CD & W funds. Addressing the question of machinery, he suggested that if colonial secretariats had to be augmented, regional commissions, on the West Indian model, might be suitable:

> But whatever organisation is set up, it should have some roots in the soil and not develop the theorising, unreal and impractical features which seem to be the concomitant of over centralised bureaucracy[62].

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60 Cmd.6175, Statement of Policy...

61 CO 859/81/8, minute, 5 Nov 1942.

62 Ibid..

Centralising views effectively compounded a circular problem, since it was precisely the dearth of local expertise which constrained a more energetic approach to development by many colonial governments. Moreover, however much the Colonial Office might have desired a free hand in dispensing CD & W grants, accountability to the Treasury was a central feature of existing arrangements, and if increased funds were to be obtained in future, Parliament had to be convinced that money was being spent carefully. Some officials therefore saw the requirement that detailed schemes had to be submitted before applications for CD & W money could be considered as an encouragement to responsible spending by colonial governments[63].

Official attitudes towards private enterprise

However useful politically the CD & W Act of 1940 had been portrayed by its advocates, especially MacDonald, the sums it provided for development were minute in relation to the tasks facing would-be developers. The urgent need to improve social welfare standards in the colonies using metropolitan funding had been uppermost in the minds of those who devised the CD & W policy. Although assistance was also to be available for economic development, official thinking on this was less clear. The new policy implicitly assumed that private capital would remain responsible for most economic development. As Caine observed, it was

> certainly not the policy of His Majesty's Government to attempt a solution of Colonial

63 CO 583/262/30519/1942, minute by Gater, 21 Nov 1942; ibid., minute by Macmillan, 23 Nov 1942.

> economic problems by lavish and unthinking distribution of money[64].

On the other hand, Caine had predicted that two wartime policy adjustments would help local governments to increase their development resources: first, the new marketing arrangements, which were swelling the colonial sterling balances held in London, and secondly, the introduction or extension of taxation[65]. Moyne, too, referred to this welcome result of taxation designed to curb consumer spending. He argued that colonial governments should build up reserves for peacetime use:

> It seems to me definitely preferable that Colonial Governments, if they are able to do so, should accumulate surplus balances now which they can use for purposes of reconstruction and development after the war, without having to have recourse to assistance under the Colonial Development and Welfare Act, rather than that such balances should be surrendered now and applications for assistance be made at a later date[66].

Bourdillon did not share this optimistic view of the financial prospects of colonial governments. He warned that the unspent 'surplus' revenue described by Moyne would not arise in his territory, where budget balancing still posed problems[67].

Official uncertainty about future government aid underlined the importance of private capital, prompting questions about official attitudes to private enterprise, which, in West Africa, effectively meant the large

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64 Morgan (1980) I, p.97.

65 CO 852/503/8, CPP 52, Apr 1941.

66 Cmd.6299, Certain Aspects of Colonial Policy...

67 CO 583/262/30498/1941-43, Bourdillon to Moyne, 17 July 1941.

expatriate firms. This raises questions about official perceptions of the relative value of private and public enterprise in promoting colonial economic growth.

The depressed 1930s, especially the West African cocoa hold-ups, left a legacy of bitterness in the region against the operations of large European firms, such as the United Africa Company. The hostility felt by African producers towards the UAC was a source of growing concern to colonial governments in the late 1930s. Relations between the Company and local governments were strained. In Bourdillon's view, it was impossible to separate in the minds of local producers the formation of the cocoa trading oligopoly and falling prices[68]. However, he was adamant that where a conflict of interest arose between African producers and the European firms, the government's duty was to support the former.

Late in 1938, MacDonald tried to encourage closer understanding between the West African governments and commercial interests. The responses provided ample evidence of the firms' unpopularity. The principal African grievance appeared to be the 'monopolistic' character of the operations of firms such as the UAC. Local officials, however, did not believe that the UAC kept the prices it paid to African producers deliberately low: they assumed it was in the Company's interests to raise African purchasing power, thereby increasing the market for imported goods. Nor did the governments share the view, widespread among Africans, that the 'pooling' agreements between firms and

68 CO 554/122/10/33650/1939, Bourdillon to MacDonald, 16 Feb 1939.

the low prices paid to producers were inextricably linked: instead, officials argued that depressed world prices for primary produce had forced these agreements on the participating firms. However, local administrators agreed that the UAC, for example, was 'ruthless' against potential competitors.

The governments were equally unanimous that they could do nothing to improve relations between local populations and the firms without risking their own credibility, as they would be seen to be colluding with the firms[69]. Bourdillon believed one solution might be for the UAC to appoint 'a really first-class resident Director with plenty of imagination and a free hand in purely local matters...'[70]. Certainly he thought the UAC ought to be more open in its operations, explaining its actions and consulting educated Africans. Governor Hodson of the Gold Coast was more vigorous, calling for a radical change of policy:

> So intense is the feeling of mingled hatred and fear with which the people as a whole regard the Company that no half-measures will suffice to eradicate it.

In his view, the UAC should abandon its selling agreement, and soften its attitude towards competitors[71].

The reactions of the Colonial Office to this problem offer insights into officials' general opinions on big business. What is most clearly conveyed is a sense of impotence in the face of an inevitable evolution towards concentration in commerce and industry, and resignation to

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69 Ibid., memo. by H.T. Bourdillon (summarising replies to MacDonald's despatch of 8 Nov 1938), 17 May 1939.

70 Ibid., Bourdillon to MacDonald, 16 Feb 1939.

71 Ibid., memo. by H.T. Bourdillon, 17 May 1939.

conflict when modern business methods confronted 'primitive' trading habits. As one official commented:

> The objects of 'big business' and the natural trading instincts of Africans are poles apart, and there is always bound to be resentment and friction where the two meet. This is just one of the problems raised by the impact of European and African civilization[72].

Whereas in Britain, public opinion was apparently reconciled to restricted competition, a recent example being the agricultural marketing Acts, opinion in West Africa had not accepted similar developments among the expatriate firms[73]. Acknowledging that the tendency towards 'monopoly' might not benefit the entire community, and that some relaxation by the UAC of its attitude towards competitors was desirable, officials' comments revealed a fatalistic, even Darwinian outlook, seeing the struggle being waged in West Africa as both inevitable and necessary:

> The difficulties at present being experienced in West Africa are the result of a clash between primitive native customs and advanced western methods. The practices of the U.A.C. are the practices of modern trade, and the native has got to be acclimatized to these practices sooner or later. It is very likely that his primitive trade methods are picturesque and attractive, but that is not a sufficient reason for doing what simply amounts to putting the clock back.

Since Africans had to be integrated into the modern practices likely to be dominant in the future, it was all the more desirable that the UAC, for example, should take Africans more closely into its confidence[74]. Nevertheless,

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72 CO 554/122/33650/1939, minute by Melville, 20 Jan 1939.

73 Ibid., minutes by Melville, 8 Feb 1939 and 28 June 1939.

74 CO 554/122/33650/1939, memo by H.T. Bourdillon, 17 May 1939.

> as the African becomes more Europeanised it is to be hoped that he will become more reconciled to the dominance of big business - just as we ourselves have had to do. It may however be a long process[75].

Above all, the Colonial Office, like the colonial governments, saw little it could do to encourage firms like the UAC to conciliate local African interests[76]. Ultimately, the initiative was left squarely with the firms themselves.

The UAC was similarly critical of local administrators in West Africa. Bemoaning the lack of openings for commercial investment in the British colonies, the Company alleged that there was no co-operation in development between local governments and trading firms. Lord Trenchard, Chairman of Unilever, privately criticised the governments for being too ready to defend 'native' interests, whereas their chief concern should be to improve trade. In his view, colonial governments had done 'little or nothing' to promote development, for example by encouraging private enterprise, being afraid that this would provoke accusations of exploitation of Africans. Because of this climate, Trenchard claimed, firms such as the UAC were obliged to look for investment opportunities outside British territories, for example in French and Belgian colonies[77]. The latter point was, as presumably had been intended, of particular concern to the Secretary of State[78]. Yet Trenchard's principal

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75 CO 554/125/14/33650/1940, minute by O.G.R. Williams, 29 Jan 1940.

76 CO 554/122/33650/1939, minute by O.G.R. Williams, 24 Jan 1939.

77 CO 554/122/10/33650/1939, note of meeting in Colonial Office with Lord Trenchard, 24 July 1939; ibid., Trenchard to MacDonald, 25 July 1939.

78 Ibid., MacDonald to Trenchard, 4 Aug 1939.

grievance appears to have been that commercial representatives in West Africa were not accorded the social status they expected from colonial administrators, evidence, it was alleged, of a continuing official snobbery against 'trade', and of a tendency to dismiss business methods as 'grasping and unscrupulous'[79].

Apparently attempting to improve its relations with the Colonial Office, Trenchard wrote to Lloyd, placing the Company's resources in Britain and overseas at the disposal of the government[80]. However, Caine warned his colleagues to look this 'gift horse rather closely in the mouth': while it might be attractive to use UAC machinery in West Africa, in view of government personnel shortages, it was essential to consider the effect on African opinion. To accept the UAC's offer might suggest a surrender by the government to the 'monopoly'[81]. Caine's misgivings were echoed by his senior colleagues, and the Office decided simply to acknowledge the UAC's offer[82].

Nevertheless, when it was eventually decided to introduce bulk purchasing and marketing of West African cocoa, through the West African Cocoa Control Board, the government sought the large European firms' help. The Board was staffed by officials from the Colonial Office and representatives of the West African firms. These firms also became the Board's local buying agents. The system of

79 Ibid., letter to MacDonald, 25 July 1939; CO 554/125/14/33650/1940, minute by Gater, 16 Feb 1940.

80 CO 554/125/33649/1940, letter to Lloyd, 23 May 1940.

81 Ibid., minute, 25 May 1940.

82 Ibid., minutes by Dawe, 27 May 1940 and Parkinson, 28 May 1940; letter to Trenchard, 29 May 1940.

licensing introduced maintained the firms' dominant position in the cocoa trade. The quota system for buying also reinforced the existing oligopoly, since quotas were awarded on the basis of a firm's performance in the years 1936-39. The system benefitted the European firms immensely, enabling them to retain their respective shares of the cocoa trade, and to preserve their profits and interests generally[83].

Caine raised a lone voice against the new trading structure, demanding rationalisation of the scheme to permit the entry of new firms, and a more flexible quota system. The WACCB's operations offended his economic liberalism, since its allocation of quotas sacrificed the principle of efficiency, discouraging cost-cutting by making the margin necessary to cover marketing costs that of the least efficient participating firm. Caine was rare in being prepared to offend European firms by widening the scheme to include African and 'Syrian' traders[84]. Clauson, in contrast, defended the European firms, not only because he feared the consequences of encouraging the formation of a new class of African 'plutocrats', but also because any incursion by 'Syrian' traders might erode British profits[85].

The position of the European firms was further strengthened by the creation, in May 1942, of the West African Produce Marketing Board, to replace the WACCB. A consequence of the increased value of West Africa's produce after Allied military reversals in the Far East in February,

83 Bowden (1980), pp.85, 141; Cowen and Westcott (1986), p.43.

84 Lee and Petter (1982), pp.87-8.

85 Minute, 5 May 1941 cited in Bowden (1980), p.141.

the new Board was responsible for exports of oilseeds and palm oil in addition to cocoa. Originally proposed by the UAC, keen to safeguard its future import trade and to exclude potential competitors, the WAPCB continued the firms' advantages[86].

State controlled produce marketing was an ad hoc response to special conditions: though not recognised as such by officials at the time, it was a basis for greater economic management by government, the implications of which were analysed later in the war. Though temporarily strengthening the position of the expatriate firms, controlled marketing was a particularly important example of state intervention, involving the key sector of most colonial economies, the export of primary produce. It was introduced, however, primarily in order to avoid unrest among the region's producers, emphasising the Colonial Office's pre-war reluctance to reform marketing, and hence to confront the firms' entrenched power.

Of particular interest to this study are the responses of colonial officials to the business practices of European firms engaged in manufacturing, in addition to trading, in West Africa. In Nigeria, in 1940, Bourdillon uncovered, through interception of the Company's telegrams, efforts by the West African Soap Company (WASCO), another Unilever subsidiary, to stifle a small Syrian-owned soap factory in Kano. WASCO undersold its new rival, the Niger Soap Company, in its 'home' market around Kano, and seemed likely to force it out of business. Bourdillon abhorred this 'ruthless

86 Ibid., pp.137-8; Cowen and Westcott (1986), p.42-3; Hopkins (1973), p.259; Meredith (1986), p.81.

crushing' of useful local enterprise, and warned London that unless it acted, he would publicise the affair widely in Nigeria and Britain[87].

Bourdillon's methods and stance alarmed the Office. Not only was the Governor guilty, as one official put it, of 'commercial espionage', misusing cable censorship to derive his information, but also his motives in seeking to intervene in a private commercial quarrel were dubious[88]. Clauson, for instance, sympathised with WASCO, which he felt had protected itself from a rival which had broken previous pricing agreements. It was not government's responsibility 'to enforce commercial discipline and honesty': even less was government's duty to protect 'foreign' firms 'from the consequences of their own dishonesty'. Politically, the entire question was extremely delicate, because if Bourdillon's actions became known to Unilever in London, their Managing Director, the Member of Parliament Clement Davies, might raise the matter in the Commons, giving ammunition to American critics who already believed that Britain used wartime censorship to its own commercial advantage. In Clauson's view, Bourdillon should be told to drop the question[89]. Sir Cosmo Parkinson, suspecting that Bourdillon had developed an obsession against Unilever and its subsidiaries, observed that as the Governor had already approached WASCO, he could hardly be told to forget the incident[90].

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87 CO 852/290/1, telegram, 3 Nov 1940.

88 Ibid., minute by Clauson, 8 Nov 1940.

89 Ibid..

90 Ibid., minute, 9 Nov 1940.

Unilever supplied the Colonial Office with a confidential resume of the Nigerian incident, claiming that in the first three years of its operation, the Niger Soap Company had, by deliberate underselling, taken roughly one third of WASCO's trade in the Kano district. WASCO had, therefore, used similar methods against the Niger Soap Company, and from October 1940 sold soap at a similar price to that of its rival's product. Unilever thereby regained a 'satisfactory' share of the soap market. Although denying any intention of forcing the NSC out of business, Unilever warned that if the Company attempted further encroachments it would be met with 'normal methods of competition[91]. Caine commented:

> I think it is clear that we should be quite wrong in regarding the action taken by the United Africa Co. as something intrinsically wicked which ought to be prohibited[92].

Accordingly Lloyd cautioned Bourdillon against intervening in a commercial dispute of this nature[93].

Divided opinion was revealed between Bourdillon and influential officials in London over acceptable business practice. Caine, for instance, believed the Governor was attempting to introduce vague ideas of equity into commerce: it was mistaken to criticise competition on the assumption that a large concern did not require such techniques in order to maintain a virtual monopoly. On the contrary such a concern could only maintain its position by price-cutting, a 'pretty effective check' on consumers being exploited.

91 Ibid., note by Mellor (Unilever), 10 Dec 1940.

92 Ibid., minute, 12 Dec 1940.

93 Ibid., telegram to Bourdillon, 24 Dec 1940.

The WASCO incident revealed divergent views, too, within the Colonial Office, a divergence increasingly apparent as the war progressed, between officials whose responsibilities were primarily economic, and those whose position in 'Geographical' departments gave them broader responsibilities, with obligations to take political considerations into account when discussing economic questions. For example, while both Clauson and Caine, of the Economic Department, criticised Bourdillon's actions in the WASCO episode, and were opposed to government interference in commercial relations, Dawe rejected this position, both because of the particular local circumstances, and because of the unusual political climate in Britain resulting from the existence of the wartime Coalition government. In Dawe's opinion, the Economic Department was suggesting that the 'struggle' between the UAC and its competitors in West Africa should be left to resolve itself, and implying that a policy of non-intervention was representative of the metropolitan government's views. In fact, observed Dawe, the British government was temporarily composed of parties holding very different opinions on the state's role in relation to industry:

> Under the stress of war the Government here is obviously interfering in trade as it has never interfered before and is taking the most drastic action to direct and curtail private enterprise in the interests of the community[94].

However, since this interference was occurring in wartime, it was unwise to draw broad conclusions from current practice, either for or against government intervention. Of

94 Ibid., minute, 31 May 1941.

immediate concern was the political dimension to recent developments in West Africa. The problem raised by the WASCO incident concerned economic issues only superficially: fundamentally, it revealed a racial clash between large European firms and small, non-European interests, a potential source of political controversy. When matters reached a certain intensity, believed Dawe, government had to intervene. Particularly in wartime, thought Dawe, government could not ignore the strong feelings provoked by firms such as the UAC. He concluded that the political motives behind Bourdillon's actions were therefore 'thoroughly sound'[95]. Moyne also sympathised with Bourdillon, hoping that WASCO's actions would not lead to the exploitation of African consumers, and noting that if the Company succeeded in consolidating its monopoly and increased prices 'unduly', the government would have to step in[96]. On this occasion, economic arguments outweighed the political arguments of Bourdillon and Dawe, and the Colonial Office took no action against WASCO. Nevertheless, the tension between the two aspects of policy remained, becoming familiar in subsequent official discussions.

Also revealing were London's reactions to Bourdillon's decision, in September 1940, to invoke the Defence Regulations and veto a UAC scheme to mill flour at Kano except under licence, because he feared the political repercussions of this apparent attempt to stifle African enterprise[97]. Clauson was highly critical of Bourdillon,

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95 Ibid.; see also minute by Parkinson, ibid., 1 June 1941.

96 Ibid., minute, 13 June 1941.

97 CO 852/291/8, Bourdillon to Lloyd, 23 Sept 1940.

opposing 'discrimination' in favour of African enterprise. He concluded that it would be 'disastrous' if the Colonial Office favoured the local population,

> for the African has neither the capital nor the experience to go any distance in the development of secondary industries, and if we are to accept the principle that the white man is not to be allowed to develop such industries, they will not in fact be developed, except very slowly and very inefficiently[98].

Accordingly, Lloyd queried the need to protect African enterprise in the way proposed, adding that competition 'might in some ways be healthy for it'[99].

In the absence of greater willingness by government not only to intervene in economic affairs, but also to engage directly in production, the burden of future economic development seemed destined to fall upon the only apparent alternative reservoir of capital and entrepreneurial skill, the European firms. This may partly explain many senior officials' reluctance to risk offending the firms by confronting them over their activities in West Africa. The firms had, as Trenchard had reminded the Colonial Office, the option of transferring their interests to other parts of Africa. Far from confronting the firms, the Colonial Office gave them a valuable role in wartime marketing arrangements. On the other hand, the manner in which taxation was introduced in Nigeria, for example, suggests that officials, not only in West Africa, but also in London, were becoming aware of the possibilities of drawing on the wealth-creating potential of large concerns such as the UAC for the wider

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98 Ibid., minute, 30 Sept 1940.

99 Ibid., Lloyd to Bourdillon, 11 Oct 1940.

benefit of colonial populations, foreshadowing, perhaps, later arguments on the need to promote healthy, but controlled, private enterprise. However, it is hard to detect any substantial shift in official attitudes in this period towards the state's economic role. Officials responsible for economic questions showed little interest in the possibility of state enterprise as an integral component of post-war development: there was little discussion of the scope for government experiments in production, such as manufacturing. It is because officials continued to assume that the initiative in economic development would rest with private enterprise that the relationship of the firms with government is important. As Clauson observed:

> Actually except in the most primitive communities, most impulse and initiative would, and should, come from private individuals, and the role of the government would be rather to indicate the general lines of policy dictated by the economic position of the country, to endeavour so far as possible to direct private initiative into useful channels, and to prevent action definitely contrary to the public interest[100].

But how representative were these views of the opinions of Clauson's colleagues? Reflections by officials during this period on the proper functions of the state are rare. However, the Colonial Office's Economic Department was prompted to record its views in response to a paper commissioned for the Committee on Post-War Problems from the young West Indian economist, W.A. Lewis, then teaching at the London School of Economics. Lewis's paper, circulated in August 1942, examined the flow of capital into the British

100 CO 852/503/17, 'The problem of raising the standard of living in the British Colonial Empire', 8 Mar 1942.

colonies. The key problem was that the London capital market, while prepared to participate in certain sectors of colonial economies, especially mineral development, was reluctant to consider 'risky' propositions, such as secondary industry. Government policy had concentrated on raising capital for public works rather than for productive enterprise. Moreover, while such local capital as existed tended to be re-invested in agriculture, the little locally-owned non-mining industry which had developed in West Africa had drawn heavily on local savings, with the result that most factories were established on a limited scale.

Lewis suggested that government could remedy the problem of financing industry either by guaranteeing private investments or by itself lending capital. A further suggestion, much discussed later in the war, was for the British government to establish a colonial finance corporation, to lend capital to approved concerns. Lewis dismissed as irrelevant traditional hostility towards public enterprise based on the argument that bureaucratic management precluded commercial efficiency. This ignored conditions in West Africa, where the choice was between public or private monopolies. Significantly, Lewis did not accept as an argument for state enterprise the claim that private firms made excessive profits. If this were true, then the remedy lay in effective taxation policies[101].

Lewis's paper was enthusiastically received. Dawe minuted: 'I wish we could get a few more outside contributors of this intellectual standard'[102]. Clauson

101 CO 852/505/3, CPP 152(10), 'Some aspects of the flow of capital into the British Colonies', circulated 4 Aug 1942.

102 Ibid., minute, 14 Sept 1942.

regarded the paper as the best yet produced for the Post-War Problems Committee[103]. Caine, however, rejected some of Lewis's assumptions, particularly the criticism that colonial governments, by concentrating their activities on the provision of public works, services and transport, and not investing directly in production, had thereby neglected the development of colonial economies:

> It is unduly minimising the activities of colonial governments to suggest that because they have merely spent their money on this kind of thing, instead of investing it in factories, etc., they have done nothing to assist the capital development of their territories. There is still probably a very good deal to be said for the now somewhat old-fashioned view that this is the proper sphere of investment for Governments[104].

Furthermore, Caine denied that colonial governments had been, as often alleged, even more steeped in laissez faire ideology than was the metropolitan government, and pointed to their role in providing the infrastructure necessary for development. In his view, it was perhaps truer to say that colonial governments had not lived up to the expectations of some sections of opinion. By concentrating on the provision of an infrastructure, colonial governments, claimed Caine, could enable private enterprise to produce at maximum efficiency[105].

There is little evidence that the war had, by 1942, altered the Colonial Office's basic assumption that private enterprise was the major agent of colonial economic activity. Hence, the scope for state involvement in

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103 Ibid., minute, 12 Aug 1942.

104 Ibid., minute, 13 Aug 1942.

105 Ibid..

production was not examined. This is in marked contrast to the situation in West Africa, where local governments showed a growing interest in promoting development, including diversification.

Local proposals for industrial development

Though they received little encouragement from London between 1939 and 1942, the West African governments were increasingly willing to explore the development of local manufacturing, particularly import substitution. Local Governors, notably Bourdillon and Burns, were already anticipating the post-war period, unlike the Colonial Office, whose first serious efforts at reconstruction planning did not begin until spring 1943. In Nigeria, Bourdillon seized the opportunity created by wartime conditions. He aimed to develop food production and processing, and the production of palm oil. However, he believed that local shortages of capital and expertise demanded government initiative, both in funding and operating new enterprise. He sought London's permission to operate suspense accounts to finance schemes of this sort[106].

Although some in the Colonial Office queried this departure from orthodox methods of finance, both the Financial and Agricultural Advisers supported Bourdillon, and the Governor was given the permission he sought[107]. Here

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106 CO 852/269/8, Bourdillon to MacDonald, 30 Nov 1939.

107 Ibid., minute by J.B. Williams, 18 Dec 1939; minutes by Sidebotham, 19 Dec 1939, Stockdale, 28 Dec 1939 and Campbell, 29 Dec 1939; ibid., MacDonald to Governor, Nigeria, 9 Jan 1940.

was an early example of the effect of war on official attitudes. As the Financial Adviser commented:

> Normal accounting seems to me quite impracticable, in cases of this kind; it just will not work. And, after all, we are at war - when many 'normal' things go, and must go, by the board[108].

Bourdillon subsequently sought CD & W funds, totalling L50,000, to help establish industries, arguing that in the initial stages of such development, government direction and control were 'essential' if 'sound' industries were to be established. He envisaged that these Government-sponsored schemes would eventually be transferred to African management, not to European or Syrian entrepreneurs[109]. The Treasury, however, objected, arguing that the CD & W Act was not intended to finance potentially economic propositions. The CDWAC subsequently endorsed the Treasury's view that CD & W money could not be used for the kind of short-term finance which Nigeria needed[110].

The Gold Coast Government was also interested industrial development, demonstrated by its reactions to the proposal by Achimota College, put forward in 1942, to establish an Institute of West African Arts, Industries and Social Science. The scheme, first mooted in 1937, was approved by the West African Governors' Conference in 1939, and by the Advisory Committee on Education in May 1940. Responding to the war and the consequent stimulus to local

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108 Ibid., minute by Campbell, 29 Dec 1939.

109 CO 583/262/30498/1941-43, Bourdillon to Moyne, 17 July 1941.

110 Ibid., Syers (Treasury) to Dawe, 3 Dec 1941, enclosing note on meeting with Treasury, 11 Nov 1941; ibid., minute by Boyse, 18 Dec 1941.

industrial development, Achimota had already created 'pilot' units, including one manufacturing bricks and tiles[111]. The scheme's backers believed that the Institute would help to accelerate local production, provide the trained personnel necessary for manufacturing and contribute to post-war reconstruction planning. A fundamental assumption was that African development would be better served by a large number of small production units, run co-operatively, and spread throughout the country, than by concentrated industrial production in a few centres[112].

Governor Burns, already considering post-war development, strongly supported the scheme. In particular, he saw it as a means of absorbing some of the 'ever increasing' number of youths who left school and could not find employment in the Civil Service or in commerce. The Institute could help by providing craft and industrial training. In Burns's view, to delay the scheme would be to miss a 'golden opportunity' to provide against one of the most important difficulties probable after the war[113].

Once again, London's response was guarded. Clauson had misgivings about the qualifications of the scheme's unofficial backers, one of whom was the 'progressive' film producer, John Grierson. More importantly, he was unhappy that the Institute, in addition to its educational and research functions, was to engage in productive enterprise.

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111 CO 96/775/1/31401/1941, Burns to Moyne, 8 Nov 1941; Shuckburgh I, pp.300-1.

112 CO 554/130/33685/1942, 'Memorandum on the proposed Institute of West African Arts, Industries and Social Science', 18 July 1942.

113 Ibid., Burns to Moyne, 16 Jan 1942.

This sort of activity, he thought, should be under the direction of the Gold Coast Secretariat's Economic Department.

Later, when detailed comments on the scheme were requested from the Economic Department of the Colonial Office, sympathy was expressed with the goal of economic diversification. It was admitted that in the past colonies had been vulnerable to world market fluctuations, over which producers had no control. Therefore, anything which would broaden West Africa's economic base was considered valuable. Also, the spread of education called for greater occupational variety than was currently available, as it was thought undesirable that the only opportunities open to educated Africans should be clerical. Doubts were expressed, however, about the apparent bias shown by the Institute's sponsors against large-scale enterprise, and their preference for 'cottage' industry, an outlook thought to derive from the enthusiasm of anthropologists and sociologists for traditional social organisation. It was considered unrealistic to try to shelter Africans from the social evils already witnessed where large-scale development had occurred, for example in the Transvaal or on the Copperbelt. Not only would educated Africans resent such paternalism, but also if large-scale enterprise proved to be the most economical, then it was bound to develop, as it had done in India, China and Japan[114].

114 Ibid., minute by Carstairs, 15 Sept 1942. Carstairs was an Assistant Secretary in the Economic Department, soon to become head of its Production branch. The general points he raised do not seem to have been taken up by his colleagues.

The Allied military reversals in the Far East early in 1942 placed new demands on West Africa and stimulated local industrial development. There was an increased drive to maximise raw materials production for the Allied war effort. Shortages of commodities replaced earlier surpluses, and in March 1942, London requested the African colonial Governors to intensify local production to make good the loss of Far Eastern supplies: '...the foodstuffs and minerals of the African dependencies have become a vast armoury for the war effort'[115]. The most important immediate consequence of this was the major extension of state-controlled produce marketing, and the transformation of the West African Cocoa Control Board into the West African Produce Marketing Board[116]. In turn, the West African Governors were encouraged to examine the question of ensuring that the requirements needed to maintain maximum production were met, including a review of the scope for manufacturing locally the consumer goods needed to absorb rising African incomes, and to act as incentives to greater productivity[117]. Similarly, there was a relative loosening of restrictions on consumer goods imports[118]. The Colonial Office recognised that if the colonies were to maintain and increase production, they would have to receive goods in return, and

115 Quoted in Cowen and Westcott (1986), p.44. See also Hargreaves (1988), pp.52-3, and N.J. Westcott, 'Sterling and Empire: The British Imperial Economy, 1939-1951', unpublished seminar paper, University of London Institute of Commonwealth Studies, 1983, p.4.

116 Meredith (1986), pp.80-1.

117 CO 852/506/1, Moyne to WAGC , 17 Jan 1942.

118 Bowden (1980), p.139.

not merely credits. Without some immediate reward, producers were unlikely to keep up their efforts[119].

The obstacles to local industrial development, and the Colonial Office's responses to them, are illustrated by the proposal, in spring 1942, for Achimota College to manufacture textiles. This was a modest scheme to establish a textile unit of 19 hand-looms and one semi-automatic loom. Its annual output was expected to be about 45,000 yards of 36 inch cloth. Given the Gold Coast's normal minimum imports of cloth, about 25 million yards per annum, the Achimota unit posed no serious threat to the import trade[120]. Burns was initially cautious, fearing that Achimota might over-reach itself, and that the demand for locally-produced cloth might not survive the war, and that unless the local industry received tariff protection, it could not compete with imported British goods[121].

Nevertheless, when the proposal was formally submitted to London in May 1942, it was backed by the Gold Coast government, which saw the experiment as a means of expanding and improving the small local weaving industry, which faced extinction because of its dependence on imported, machine-spun yarn, supplies of which were now difficult to obtain. It was therefore felt necessary to encourage local cotton spinning. A further advantage of the plan was that it would stimulate local cotton-growing. Initially, the textile unit was expected to be supplied with cotton from Nigeria and the

119 CO 852/504/5, CPP 123(1), memo. by Clauson, 'The overseas trade of the British Colonial Empire before, during and after the War', 16 Feb 1942.

120 CO 852/370/12, minute by O.G.R. Williams, 1 May 1942.

121 Ibid., Burns to O.G.R. Williams, 2 Feb 1942.

Belgian Congo, but it was hoped that this would eventually be replaced by Gold Coast cotton. As the local production of cotton increased, it was planned to establish similar textile units elsewhere in the territory[122].

The Colonial Office was at first sceptical about the Achimota proposal. It was thought that African weavers would be slow to learn how to operate and service anything but the simplest type of spinning machinery and hand loom[123]. Clauson's contribution seems particularly inappropriate, in view of the technical training currently being given to African military personnel:

> We have no knowledge whether possible mill-hands exist in Nigeria; we do know that many negroes are unfit for the job because their hands are too large + clumsy[124].

Clauson had evidently learned little: he used precisely the same argument when opposing a proposal from Uganda in 1937 to develop a cotton weaving plant[125]. However, the Achimota scheme was approved in June 1942, and permission was granted for Achimota College to seek funding from the Gold Coast Legislative Council[126]. Among the reasons for the Office's sympathy with the scheme were concern at the ailing condition of local weaving, and the promise that local textile production would help ease the shortage of imported

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122 Ibid., Acting Governor, Gold Coast to Cranborne, 1 May 1942; ibid., minute by O.G.R. Williams, 1 May 1942.

123 Ibid., minute by O.G.R. Williams, 23 Feb 1942.

124 Ibid., minute, 30 Apr 1942.

125 D.M. Meredith, 'The British Government and Colonial Economic Development, with particular reference to British West Africa, 1919-1939', unpublished Ph.D. thesis, University of Exeter, 1976, p.135.

126 CO 852/370/12, minute by O.G.R. Williams, 16 June 1942; ibid., Cranborne to OAG, Gold Coast, 17 June 1942.

cotton goods[127]. The Colonial Office was also assured by the staff of Achimota that the textile unit could survive without artificial support, such as tariff protection[128]. The Office saw good reasons for proceeding quickly. Not only would the project require little machinery from Britain, and little skilled manpower, but also if successful, the unit would demonstrate that manufacturing of this sort was feasible in West Africa[129]. Another reason for official approval was that the proposal was already well known in West Africa: if the Colonial Office delayed the scheme, it risked being accused of putting British business interests before a 'promising' opportunity to help African development[130].

The Achimota project depended, however, on obtaining the necessary machinery from Britain. Because of the current limits on the export of goods to markets outside the dollar area, the Colonial Office required the Board of Trade's permission for machinery to be earmarked for Achimota. This meant raising the entire question of colonial manufacturing, to which the Board was traditionally hostile. For example, when the CD & W Bill was under preparation in 1940, the Board urged that the new assistance should not be used to encourage the development of 'uneconomic' colonial industry:

127 Ibid., minute by O.G.R. Williams, 1 May 1942.

128 CO 554/130/33685/1942, minute by O.G.R. Williams, 10 Apr 1942.

129 Ibid., minute by O.G.R. Williams, 6 June 1942. It does not appear that the Office was aiming to demonstrate this point to any particular audience, but rather sought to establish an important general principle, presumably so as to be able to reinforce its position if obliged to defend other industrial proposals against metropolitan criticism.

130 Ibid., minute by Dawe, 10 June 1942.

it assumed that the Advisory Committee to be created to consider grant applications would bear this concern in mind[131]. Whereas Caine thought this reasonable, agreeing that care should be taken, as had been in administering the Colonial Development Fund after 1929, to avoid subsidising uneconomic industries competing with British manufacturers, higher authority in the Colonial Office felt that the Board of Trade should not be the arbiter of what was an 'uneconomic' industry[132].

Similarly, the Board was unenthusiastic in its response to the 'Stamp memorandum', already described. R.J. Shackle took issue with the Survey's apparent complacency at overseas industrialisation, pointing out that unless this process were gradual, it would severely affect British interests. As for the assertion that colonies should be given 'every encouragement' to industrialise, this went 'too far'. Wartime encouragement of colonial industries would ignore Britain's post-war requirements for export markets. The fact that Britain was likely to emerge from the war a debtor, 'entirely dependent' on its exports, was a powerful argument against encouraging overseas diversification[133]. The Board of Trade's continuing concern about the colonies' future as markets for Britain was similarly revealed by its reactions to the Colonial Office's circular telegram of 5 June 1941, which had asked colonial governments to tighten

131 CO 859/40/7, R.M. Nowell (Board of Trade) to Caine, 3 May 1940.

132 Ibid., minutes by Caine, 7 May 1940, Shuckburgh, 9 May 1940 and Dufferin, 10 May 1940.

133 BT 11/1368, P(E & F)(40)115 War Cabinet Survey of Economic and Financial Plans 'Export Trade Policy', 18 Sept 1940, with marginal comments by Shackle.

import controls. The Board was annoyed not to be consulted over so important an area of policy[134].

In view of the pre-war difficulties of Lancashire, the Board of Trade was inevitably sensitive to foreign textile competition. The question of cotton goods supplies to West Africa had already become controversial in Whitehall long before the Achimota proposal. Late in 1940, the Cotton Board urged the Board of Trade to take action to curb Indian competition in colonial markets[135]. The problem was thought to be especially serious in West Africa, where exports of Indian textiles to Nigeria in the first quarter of 1940 were five times the level in the same period in 1939. The Association of West African Merchants (AWAM) believed that India might take 98 per cent of the Nigerian bleached goods market unless London acted (the figure in 1936-38 had been three per cent). The basic problem, as ever, was that Lancashire could not compete with Indian prices. British manufacturers were particularly concerned about their postwar prospects: it might then be politically impossible

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134 Lee and Petter (1982), p.85-6; this question remained of concern to the Board of Trade after the war, as is discussed below in ch.5.

135 BT 175/1, CB 241, Cotton Board 22nd meeting, 12 Nov 1940; ibid., CB 261, Cotton Board 24th meeting, 26 Nov 1940. The Cotton Board, created under the Cotton Industry Reorganisation Act (1939), and reconstituted the following year as a statutory body, was responsible for streamlining the cotton industry by closing 'surplus' factories. Appointed by the President of the Board of Trade and based in Manchester, the Board, representing employers and workers, supervised a drastic 'concentration' of the cotton industry between 1940 and 1942, when about one third of working mills were closed. From 1942, the Board was to be active in discussions on the cotton industry's post-war prospects. [See Hargreaves and Gowing (1952), pp.46-8, 344, 364, 392; Marguerite Dupree (ed), <u>Lancashire and Whitehall: the diary of Sir Raymond Streat Volume One: 1931-39</u>, (Manchester, 1988), pp.xi-xxi, 47-8].

to act, given the seeming inevitability by 1942 of Indian devolution. The Board of Trade agreed that political considerations indicated the need for immediate measures. The President of the Board therefore called for a quota system in colonial markets, and thought that the AWAM might be persuaded to limit its purchase of Indian textiles[136].

The Colonial Office rejected this proposal, arguing that it was unreasonable to expect West Africa, already suffering from loss of markets for its main exports, to pay enhanced prices for cloth. Moyne claimed that a fundamental principle was at stake:

> Since the latter part of the 18th Century, when an attempt to reserve the trade of the American Colonies for the benefit of the mother country led to disastrous consequences, it has been the declared policy of H.M.G. not to use the powers of control which it possesses over the Colonial Empire for purely selfish ends[137].

Moyne explained that the existing quota against Japanese textiles had already given rise to 'considerable resentment' in West Africa, and that the Board's proposal was irreconcilable with the principles of 'trusteeship'; moreover, it would create a dangerous precedent, which it would be difficult to deny to other British industries, where Indian, and possibly even colonial, competition was involved. The Colonial Office feared that a quota system might provoke political unrest, and it doubted whether colonial populations could afford anything but the cheapest

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136 CAB 71/3, LP(41)16, 'Competition between Indian and United Kingdom Textiles in Colonial Markets. Note by the President, Board of Trade', 8 Feb 1941.

137 Ibid., LP(41)21, 'Competition between Indian and U.K. textiles in colonial markets. Note by the Colonial Secretary', 13 Feb 1941.

goods, given the twin local problems of falling produce prices and rising prices of essential goods. Moyne concluded that Lancashire's true concern was its post-war future:

> I feel very strongly that, if Lancashire wishes to retain its trade after the war, it should do so by the ordinary commercial means of reducing its prices to a competitive level[138].

When the Lord President's Committee discussed the question in February 1941, Moyne, supported by the Secretary of State for India, Leo Amery, who was concerned about the possible political reactions in India, convinced his colleagues that the Cotton Board's request was impracticable. Instead, the Committee asked the Treasury and the Board of Trade to investigate other measures to secure Lancashire's colonial markets[139].

Early in May 1942, Macmillan approached Dalton, the President of the Board of Trade, on the supply of sufficient cotton piece goods to Africa to stimulate raw materials production. Acknowledging that West Africa's cotton goods allocation was generous, he explained that more goods were needed to raise the region's productivity, and that the Colonial Office was considering small-scale, local textile production to supplement British supplies, and sought Dalton's help in obtaining second hand textile machinery[140]. Dalton's reply was discouraging. He argued that West Africa had already received 'generous' allocations of cotton goods

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138 Ibid..

139 CAB 71/3, LP(41) 4th meeting, 14 Feb 1941. On the Lord President's Committee's responsibilities for major questions of economic policy, see Chester (1951), pp.8-9 and Hancock and Gowing (1949), pp.219-220.

140 CO 852/370/12, Macmillan to Dalton, 4 May 1942.

(73.6 million square yards in 1941, compared to 82.5 million square yards in 1939), and that an additional eight million yards, originally intended for Asian markets, had recently been diverted to West Africa. He therefore saw no justification for a local textile industry. Moreover, he envisaged problems in recruiting skilled labour locally, and argued that the reconditioning of second hand machinery in Britain, or the manufacture of new plant, would divert efforts away from essential war work[141].

Parallel to these discussions, another scheme to produce khaki cloth in West Africa was being considered by the War Office. The proposal, involving the construction of a textile plant at Abeokuta in Nigeria, was to produce one million yards of cloth per annum, thereby saving on shipping space. The necessary cotton would be grown and ginned locally. It was hoped that full production could be reached within a year. The Colonial Office showed little initial interest, because it was reluctant to encourage an industry which might have no economic justification after the war[142]. However, officials were subsequently assured by Achimota College that the military scheme complemented its own plans to expand local textile production, avoiding the 'evils' of industrialisation on the usual European model[143]. The military authorities had been persuaded by Achimota that its textile scheme could supply the training needed for the Abeokuta workforce, which led the War Office to ask the

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141 Ibid., Dalton to Macmillan, 15 May 1942.

142 Ibid., Cullen (Ministry of Supply) to Clackson (DDPC), 24 May 1942.

143 Ibid., minute by O.G.R. Williams, 1 May 1942.

Colonial Office to consider the Achimota plans favourably[144].

On 30 June 1942, a meeting was held in the Colonial Office to discuss these two proposals. Representatives of the War Office, the Ministry of Supply and the Board of Trade also attended. The key problem discussed was the supply of machinery for the plants at Achimota and Abeokuta. The Ministry of Supply warned that the manufacture of new textile machinery for export was problematic. The Board of Trade added that there would be difficulties in exporting second hand machinery. One of the undertakings reached in the reorganisation of the British cotton industry, begun immediately before the outbreak of war, was that machinery from factories closed under 'concentration' would not be sold abroad. The Board would have preferred the additional textile production to be in Britain, because of West Africa's importance to Lancashire. Clauson pointed out that other Whitehall departments thought the West African proposals worthwhile, providing insurance against the loss of supplies from Britain and India. He also argued that the schemes would give useful experience of industrial development in West African conditions. The meeting agreed that the West African Governors should be asked to examine the proposal, and that meanwhile the Board of Trade would examine the question of machinery supplies[145]. Soon

144 Ibid., Fisher (War Office) to O.G.R. Williams, 8 June 1942.

145 Ibid., note of meeting held in Colonial Office, 30 June 1942. Since 1941, the Board of Trade had been similarly unenthusiastic towards proposals by the Government of Ceylon to develop a textile industry, arguing that new plant was difficult to supply and quoting the undertaking on second-hand machinery given to the Cotton Board. In May 1942, the Governor of Ceylon was informed that London could not

afterwards, the Board reported that no second hand machinery was available for Abeokuta, since any proposal to export plant from the 'concentrated' industry would raise a difficult question of principle[146]. Undeterred, the Colonial Office approached the Ministry of Supply. Referring to the Abeokuta project, Creasy wrote:

> Our position in the Colonial Office is quite clear; we should be very glad to see this industry established and the sooner the better, as it will form a useful guide for the consideration of future developments in regard to textile manufacture in West Africa[147].

The Colonial Office believed that the necessary machinery could be found in Britain, if the project were deemed important to the war effort. However, the Office did not think it was worth making a very strong case for the adoption of the War Office scheme, unless 'special wartime considerations' were involved, since the output of the plant would be 'trifling' compared to West Africa's total textile requirements. On the other hand, Creasy felt that the military authorities' interest was quite different, originating in the problem of supplying enough cloth from India and Britain. If the Abeokuta project could benefit the War Office quickly, there were grounds for trying to secure the machinery needed from 'concentrated' mills in Britain.

> It will no doubt be possible for the Board of Trade to devise some means of placating the industry, and, even if that proves difficult, it is obvious that in the last resort the

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consider assisting any scheme not of demonstrable value to the war effort [Shuckburgh I, p.292].

146 Ibid., J.R. Willis (Board of Trade) to Creasy, 8 July 1942.

147 Ibid., letter to Calder (Ministry of Supply), 15 July 1942.

industry's post-war position must not be the deciding factor[148].

Nevertheless, textile development in West Africa received a fresh blow when the Crown Agents reported that the Board of Trade had vetoed the supply of machinery to Achimota since the larger Nigerian scheme had similarly been refused[149]. The fate of these projects appeared to be sealed only days later when the War Office told the Colonial Office that it had been estimated that the Abeokuta factory would not become operational for nearly two years, rendering the project pointless in the military's eyes, an opinion shared by the Ministry of Supply. While an alternative scheme to produce cloth in the Belgian Congo would be examined, the War Office intended to postpone a final decision until it had received a full report from its representative in West Africa[150].

At this stage, the Resident Minister in West Africa, Lord Swinton, intervened. Swinton, later prominent in the reconstruction debate, doubted that West Africa could supply much more to the Middle East theatre than manpower, since all the region's raw materials were needed in Britain and the USA, and producing them would demand all West Africa's energies. On the plans to produce cloth for the military, Swinton believed the deciding factor in locating the factory should be how quickly it could become productive. Although he did not dismiss the Abeokuta project out of hand, he

148 Ibid..

149 Ibid., E. Ringwood (Crown Agents) to O.G.R. Williams, 18 July 1942.

150 Ibid., Maj. F.C. Fawcett (War Office) to Creasy, 22 July 1942.

thought that in view of the time factor, the most sensible, if politically delicate, choice would be to arrange for increased production from the established textile industry in the Belgian Congo. Swinton acknowledged that there would be hostility in Britain to any extension of textile factories in Africa with British Government funds, because this would be seen as subsidising post-war competition. One solution, he thought, might be for the Ministry of Supply to lend the necessary plant, as was happening in British factories. This plant would remain British Government property and could therefore be removed after the war. Alternatively, a British firm might be allowed to operate 'shadow' factories in Africa, providing the necessary expertise and personnel[151]. In the event, the military authorities in West Africa advised the War Office that the textile industry in the Belgian Congo should be extended in preference to establishing a new plant in Nigeria, and Swinton endorsed this suggestion[152]. However, the changed military situation in late 1942 persuaded the War Office to abandon the scheme entirely[153].

Meanwhile, there remained the original Achimota proposal. The scheme's principal advocate, the Art Instructor at Achimota, Meyerowitz, was reluctant to abandon his plans in the face of the Board of Trade's opposition. He tried to convince the Board that the project had merits irrespective of any connection with a military textile

151 CO 852/502/19, letter to Bishop, 31 July 1942.

152 CO 852/370/12, telegram to Cranborne, 11 Aug 1942.

153 Ibid., Macmillan to Dalton, 7 Dec 1942.

scheme, and requested the Colonial Office's support[154]. Within the West Africa Department, O.G.R. Williams was not optimistic:

> I do not believe that the Board of Trade is at present at all interested in post-war textile production in West Africa. Indeed, I should expect them on general grounds to be rather suspicious of it.

Significantly, he admitted that in exchanges with the Board of Trade, the Colonial Office had emphasised the relation of the Achimota project to the Abeokuta scheme in order to get the Board to consider the former proposal at all[155]. Williams's comments were soon borne out when the Board of Trade informed the Colonial Office that 'however meritorious' the Achimota project might be, it was difficult to justify the manufacture and export of textile machinery from Britain, bearing in mind the current policy of restricting exports of machinery to essential war purposes[156]. Williams replied that the Achimota scheme should be considered on its own merits, and that its fate should not hinge upon decisions concerning other proposals which had different purposes. He explained that the Colonial Office's chief interest in the Achimota textile unit was its <u>long-term</u> value as an educational project, creating the conditions necessary for the spread of technical knowledge in West Africa. Accepting that these were not considerations which would interest the Board of Trade, he nevertheless argued that the question was 'of great significance' both to

154 Ibid., letter to O.G.R. Williams, 5 Aug 1942.

155 Ibid., letter to H. Meyerowitz, 7 Aug 1942.

156 Ibid., J.R. Willis (Board of Trade) to O.G.R. Williams, 25 Aug 1942.

Accra and the Office on 'important grounds of policy'. Adding that the proposed plant would ease the cotton goods supply position in West Africa, he asked the Board to reconsider its earlier decision[157].

Williams's request was reinforced by the personal intervention of Macmillan, who wrote to the Board of Trade in similar terms at the prompting of Sir Keith Hancock, the expert on colonial issues[158]. This initiative produced a markedly different response from the Board of Trade. Harcourt Johnstone, the Secretary for Overseas Trade, told Macmillan that the Achimota project had his Department's sympathy: if reconditioned second-hand machinery were not available, then approval would be given for new textile plant to be manufactured for the project[159]. In the event, no suitable machinery was found, and the Board of Trade informed the Crown Agents that orders for new equipment could be placed[160]. The importance of the West African proposals for local industrial development in 1942 is that they forced the Colonial Office to address specific problems, such as the supply of textile plant, as well as general policy issues, such as the metropolitan government's attitude to colonial industrialisation, and to leave the relative security of internal Office discussion for the exposed arena of inter-departmental debate.

157 Ibid., letter to Willis, 30 Sept 1942.

158 Ibid., letter to Waterhouse (Board of Trade), 1 Oct 1942.

159 Ibid., letter to Macmillan, 7 Oct 1942.

160 Ibid., J.R. Willis to O.G.R. Williams, 16 Nov 1942.

Towards a policy on industrial development

The Colonial Office was probably encouraged to persevere with this question by recent developments in the broader consideration given to the issue of colonial industrialisation. Although this matter had been raised on a number of occasions during 1942, the Colonial Office still required an 'authoritative' ruling, because of the persistent hostility to the idea among other government departments. Moreover, besides the West African schemes, proposals for manufacturing were being received from East Africa, reinforcing the case for clear policy guidelines[161]. The Office agreed to refer the subject to the Cabinet Africa Committee, established in 1942 to complement the work of the Resident Minister in West Africa[162].

At this stage, there is little evidence that the Colonial Office regarded industrialisation as a solution to West Africa's fundamental economic problems. Nor was the war regarded as an opportunity to cultivate an import-substituting sector in the region. The Office's attitudes to industrial development continued to betray some of the divisions detectable in earlier discussions. However, evidence of official support for limited industrialisation exists. This has already been seen in the West African Department's willingness to defend the Achimota scheme. Earlier, Clauson had emphasised that the purpose of

161 During 1941, import-substituting industries, aimed chiefly at supplying military needs, had developed with support from the East African governments, and the entire question was examined by the East African Civil Supplies Board. See Shuckburgh I, pp.282-3 and Cowen and Westcott (1986), p.55.

162 CO 852/431/1, minute by Carstairs, 2 Sept 1942.

industrial development was to release local purchasing power, which could be re-directed towards more sophisticated imported goods. In other words, although industrialisation would reduce imports of simple goods such as soap and matches, this would be balanced by increased imports, for example from Britain, of goods which could not be produced locally. Therefore, provided development were not so rapid as to cause economic dislocation elsewhere (and in practice he saw no prospect of this), Clauson felt that London was bound to support it as essential to the general strategy for raising colonial living standards[163].

Subsequent discussions, however, suggest that the Board of Trade, especially, was less inclined to distinguish between manufacturing designed to broaden colonial import markets, and manufacturing which, more immediately, would erode British export markets, affecting Lancashire especially. The war had not eroded the Board's suspicion of colonial manufacturing, as its tenacious resistance to the growth of a West African textile industry demonstrates.

While the Colonial Office could admit, privately, that its ideas on industrial development had evolved gradually, officials saw no radical break in policy, and there persisted a characteristically bureaucratic preference to discern a broad continuity in policy objectives. Thus, Clauson could reflect in 1942, on metropolitan policy towards colonial industrialisation:

> Here it is true that views to-day are not the same as they were 8 or 10 years ago, but even then the Government was not preventing, and indeed had not the power to prevent, the establishment of industrial undertakings in

163 CO 852/504/5, CPP 123(1), 16 Feb 1942.

> the Colonies. What it did have the power to prevent, and did discourage, was the establishment of highly protected industries under the cover of a revenue tariff[164].

While Clauson left open the question of future policy on protection, suggesting that this would depend largely on any post-war settlement, Caine's ideas were clearer. Although he felt that colonial industries were 'fairly certain' to develop, he believed that 'for a long time' they would be restricted to the 'simpler' kind of factory. On assistance to 'uneconomic' industries, for example by tariff protection, Caine argued that it was 'impossible to challenge the logic of the full free-trade case on the assumption of full freedom in every aspect of the economic process'[165]. Caine's preference for a general liberalisation of the economic order was accompanied by an understanding that much depended on still unresolved questions of international commercial policy. He was not optimistic that a consensus spanning Whitehall could easily be reached on colonial industrialisation, a question he considered still liable to produce 'violent controversy'. He recalled the Office's recent attempts to compose suitable policy guidelines for local governments, noting how they had all failed because interdepartmental agreement in London had proved elusive. Referring to the internal discussions which had preceded the despatch of Moyne's circular in March 1941, Caine remembered how difficult it had been for the Colonial Office to agree on how much of the accompanying 'Stamp memorandum' on export trade policy should be included[166].

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164 CO 852/505/3, minute, 12 Aug 1942.

165 CO 852/503/7, minute, 26 Aug 1942.

166 Ibid..

On 16 September 1942, the Cabinet Africa Committee, chaired by Cranborne, discussed a Colonial Office paper on industrial development. Cranborne referred to a widespread impression that London opposed colonial manufacturing, and to the resulting belief that the initiative was left with the colonies. He wanted to reassure the colonies that London sympathised with their aims, and had the necessary machinery to consider the problems involved. The representatives of the Ministries of Production and Supply both disclaimed any bias against colonial industry. The Board of Trade, similarly, promised not to obstruct any scheme for manufacturing benficial to the war effort, but observed that some schemes, while economic in wartime, might not be so afterwards: there was a danger that some colonies might use the war as a pretext for establishing post-war industries requiring a high degree of protection[167]. After this meeting, there was some support in the Colonial Office for the establishment of an interdepartmental committee to consider proposals for industrial development. Gater, however, agreed with the Ministry of Production that this was unnecessary, since the question could always be referred to the Africa Committee. The deciding factor, however, was Churchill's recent call for a reduction in the number of standing committees in Whitehall[168].

While there had been some progress towards an agreed Whitehall policy on industrial development in Africa, in that the question was being discussed interdepartmentally

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167 CO 852/431/1, meeting of War Cabinet Africa Committee, 16 Sept 1942.

168 Ibid., minute to Creasy, 14 Oct 1942.

after several years of sterile silence, the Colonial Office still had to emphasise, in its advice to colonial governments, that only industries contributing directly to the war effort could be considered. This was the central message of a telegram sent by Cranborne to the East African Governors' Conference in October 1942. However, the Colonial Office promised full support to any project which met this requirement, especially if the project drew only on local resources[169]. Perhaps as evidence of its good faith, the Colonial Office subsequently circulated this telegram to the Africa Committee.

If circumstances seemed unfavourable to discussion of long-term policy, the Colonial Office still needed a clarification of Whitehall's views on more immediate aspects of colonial industrialisation. As the Office told the Africa Committee, the military presence in West Africa, and the shipping shortage, had made it necessary for the region to try to meet military requirements from local resources. Consequently, certain types of industry had been stimulated, and craft skills promoted among the local population. However, recent changes in the military situation, notably the Allied victories in North Africa in autumn 1942, seemed likely to reduce the demands made on West Africa. The Colonial Office therefore needed to determine how far wartime developments could be harnessed to promote local civilian needs. The Office reminded the Africa Committee that manufacturing in West Africa would assist the war effort by reducing the demand for British goods; moreover,

169 CO 852/480/12, Cranborne to Secretary, EAGC, 19 Oct 1942.

the authorities in West Africa, including the Resident Minister, would appreciate a statement of the British Government's attitude to the general policy questions involved, judging from the welcome which greeted the advice already sent to the East African Governors' Conference. Finally, the Colonial Office reassured the Committee that there were no signs of large-scale industrialisation in West Africa. Those industries established to date were modest concerns, mostly based on the processing of local primary produce[170].

When the Africa Committee discussed the Colonial Office's memorandum in February 1943, the Board of Trade explained that in peacetime, it 'viewed with a critical eye' any colonial industrialisation harmful to Britain's export trade. However, in wartime, the situation was different, with the fewer demands being made on Britain's exporting capacity the better. This was why the Board had acquiesced in the arrangements made for dealing with industrial schemes in East Africa. Nevertheless, the Board argued that even where industries could be established which did not require imported machinery, the possible effects of such development on the post-war British export trade should be borne in mind. The Committee agreed, however, that the kind of industries emerging in the colonies were unlikely to threaten British interests. The Ministry of Production, however, was concerned that industrial development might divert colonial labour from raw materials production. Dawe replied that West Africa faced a labour surplus because of

170 CO 852/480/12, War Cabinet Africa Committee, A(43)2, 'Secondary industries in West Africa', 12 Feb 1943.

the reduction in military-related work, and problems were likely to arise in finding work for those with industrial skills who were left unemployed. Inevitably the Board of Trade raised the delicate subject of protection, and warned against long-term assurances to colonial governments on this question. Oliver Stanley, who became Colonial Secretary in November 1942, and who had been President of the Board of Trade from 1937 to 1940, agreed that protection was an important issue, but did not elaborate. Dawe explained that the Colonial Office did not seek to promote industries which could not support themselves. He added, however, that the Office believed that some industries would require initial protection. The Committee concluded by asking the Colonial Office to prepare a telegram to Swinton, similar to that sent to East Africa, in the light of the Committee's discussion, and in consultation with the Government Departments concerned[171]. Before this telegram could be drafted, a new phase of the Colonial Office's wartime deliberations on economic development had been entered, with the beginning of a prolonged debate on post-war reconstruction, prompted by calls from Swinton in West Africa for guidelines on future colonial economic policy. This debate and its repercussions form the subject of the next two chapters.

The Colonial Office had not, by late 1942, achieved an unequivocal endorsement by the British government of the value of colonial manufacturing development: the limited approval given to such development was conditional, and

171 Ibid., War Cabinet Africa Committee, A(43) 1st meeting, 19 Feb 1943.

cannot be divorced from the wartime considerations which produced it. Industrial development, it was agreed, was acceptable in the short term, provided it could demonstrate its value to the war effort. Whitehall, and especially the Board of Trade, remained noticeably reluctant to enter into long-term policy commitments on the question. The Colonial Office had not, therefore, secured the firm policy guidelines on long-term, post-war industrial development which it had sought: these discussions lay ahead. It remained to be seen whether the relative softening of Whitehall's attitudes were more than a temporary policy adjustment.

CHAPTER TWO: PLANNING FOR PEACE: THE PLACE OF INDUSTRIAL DEVELOPMENT IN COLONIAL OFFICE RECONSTRUCTION THINKING, 1943-1946

The Allies' improved military fortunes late in 1942 enabled serious thought to be given to planning for peace. In Britain, this extended debate on reconstruction was encouraged and focussed by the publication of the Beveridge Report on social security in November 1942[1]. The Coalition Government's response was to create a Committee on Reconstruction Priorities to examine Britain's likely post-war financial circumstances, and the calls which would be made on the country's resources[2]. In contrast to the war's first phase, the period after 1943 made possible, and indeed required, serious and sustained consideration of the problem of colonial industrialisation.

The Colonial Office was not immune to the enthusiasm for reconstruction which gripped Whitehall. In February 1943, Dawe of the Africa Division told his colleagues that as the war receded from West Africa, the Office would have to prepare for a 'new phase' of activity, an opportunity to resume development in the region. Despite continuing external constraints, such as shortages of material and personnel, Dawe believed that much could be done using labour freed from war work, and locally available materials[3]. A fundamental question implicit in official discussions after 1943, however, was London's proper role in

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1 On the metropolitan reconstruction debate, see J.M. Lee, The Churchill Coalition 1940-1945, London 1980, pp.112-41; P. Addison, The Road to 1945. British Politics and the Second World War, London 1975, pp.211-69, and K. Jefferys, 'British politics and social policy during the Second World War', Historical Journal, 30, 1 (1987), pp.123-44.

2 Corelli Barnett, The Audit of War, London 1986, p.238.

3 CO 554/132/33718/1943. minute by Dawe, 9 Feb 1943.

planning reconstruction, which in the colonial context, meant the resumption or initiation of development. At the beginning of 1943, Stanley declared that the colonial governments would be responsible for the detailed planning of development, the metropolitan government's role being to establish a broad policy framework, and to offer advice, funds and expertise, enabling local governments to achieve targets they themselves set[4]. At this stage, it was still assumed that the initiative in development would come from the colonies, not from London. However, concern had been growing that neither the colonial governments nor the Colonial Office was yet equipped to promote an active development policy. Labour's chief spokesman on colonial affairs, Arthur Creech Jones, voiced these doubts early in 1943. Creech Jones highlighted problems increasingly evident as post-war planning gathered pace. He attacked the Colonial Office for its reticence, especially its failure to publicise its policies and activities. He called for more research into colonial problems, and for a streamlining of the Colonial Office's 'cumbersome and slow' machinery. Yet Creech Jones wanted the Office to be more assertive in its dealings with local governments, and resisted calls being made, particularly by some Conservative MPs, for the establishment of a 'Colonial Development Board', representing 'big interests'. He defended the Colonial Secretary's authority and responsibilities from the encroachments of a Colonial Development Board, although he endorsed long-standing calls for a joint Standing Committee

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4 PD(C), 386, col.250, 20 Jan 1943.

of both Houses of Parliament to oversee colonial affairs and make the administrative machine more accountable[5].

While the Colonial Office continued to circumvent such fundamental criticism of the instruments of colonial rule, it recognised the serious gaps in its knowledge of colonial conditions, widened by the war's interruption of routine information-gathering. For example, information on colonial government finances was sparse, and officials in London were reluctant to demand more detailed statistics from already burdened local administrators. However, as Caine argued in April 1943, without adequate information, effective planning was impossible. In the case of colonial finances, fears that the activities of the newly formed Colonial Economic Advisory Committee might reveal embarrassing lacunae in the Office's knowledge led to steps being taken, in November 1943, to gather the necessary data[6].

The Colonial Office also realised that its own machinery for development planning was inadequate. The Committee on Post-War Problems had already covered much of the ground it was meant to, but had never been seen as more than a fact-finding body, and even the term 'reconstruction' was dropped from its original title so as to avoid misinterpretation of its role[7]. The Committee was dissolved in 1944[8]. During a Commons debate in April 1943, Stanley

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5 PD(C), 380, cols. 2025-2027, 24 June 1942; Arthur Creech Jones, 'The Colonial Office', Political Quarterly, (Jan-Mar 1943), pp.19-32. For a discussion of a First World War precedent to the Colonial Development Board proposal, see D. Killingray, 'The Empire Resources Development Committee and West Africa 1916-20', JICH, 10, 2 (1982), pp.194-210.

6 Morgan (1980) I, p.182; CO 852/408, minute, 20 Nov 1943.

7 See above (ch1, pp.33-8).

admitted that the Colonial Office lacked satisfactory resources to handle economic questions, and floated the idea of an 'Economic Advisory Council' to advise him on the major principles of development[9]. Some officials, however, were unenthusiastic. Experience with the CDWAC had not been inspiring, and it was decided to wind up the Committee as quickly as possible. It was equally clear that officials sought to delay the creation of an economic advisory committee, not simply to postpone the intrusion of external advice into the Office's affairs, but so that the new body could be unveiled in time to coincide with the Office's expected approach to the Treasury for an extension of the CD & W Act. Senior officials hoped that the new Colonial Economic Advisory Committee (CEAC) would satisfy critics of the Office and of the alleged lack of a coherent policy on development planning, but they remained at best lukewarm to its creation, the Permanent Under-Secretary describing it as the 'least objectionable' kind of body which could be devised[10].

The Colonial Office's continuing misgivings about local governments' condition to undertake effective development planning were revealed in February 1943, when Dawe asked his colleagues to consider the adequacy of West Africa's planning machinery. He favoured a central development staff in the region, supervised by the Resident Minister, to be 'an energising and co-ordinating unit'. Discussions with Stockdale, the Comptroller for Development and Welfare in

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8 Shuckburgh I, p.21.

9 <u>PD(C)</u>, 388, col.1492, 15 Apr 1943.

10 CO 852/510/29, minute by Gater, 17 Apr 1943; Morgan (1980) I, p.182.

the West Indies, convinced Dawe that West Africa required a fully-staffed Development Commissioner, under Swinton, to deal with development plans for the whole region[11]. Gater agreed, and Stanley was enthusiastic[12].

Stanley informed Swinton of the suggestion, which was intended to 'impart the necessary drive and impetus to development'. Although Swinton welcomed the proposal he doubted whether a Commissioner of Stockdale's abilities could be found for West Africa[13]. However, when Swinton consulted the West African governments, he encountered resistance. While the governments wanted to proceed with a 'forward' development policy, and accepted the need for some regional co-ordination, they were wary of a Development Commissioner with executive powers. They sought to retain their freedom of action, and resented any threat of metropolitan encroachment on their authority, an outlook liable to be challenged by the single-minded, even authoritarian bearing of Swinton. The governments of Nigeria and the Gold Coast claimed that they already had large expert staffs, and that supplementary expertise was unnecessary - a surprising argument given recurrent indications to the contrary[14]. Swinton suggested instead that a Development Adviser should be appointed to advise him

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11 CO 554/132/33718/1943, minute, 9 Feb 1943.

12 Ibid., minute, 16 Feb 1943 and minute by Stanley, 19 Feb 1943.

13 Ibid., telegram, 2 Mar 1943.

14 Ibid., telegram, 10 Marh 1943; John Kent, 'The International Dimensions of British West African Policy 1939-1949', (unpublished Ph.D thesis, University of Aberdeen, 1985), pp.335-42.

directly[15]. Stanley replied that he had not intended the proposed Development Commissioner to have anything more than an advisory role[16]. As Swinton had predicted, however, suitable candidates were scarce[17].

During 1943, the capacity of the West African governments to play a dynamic role in development came into question. For example, Swinton confided to Stanley his misgivings about the local administrations:

> As I look back on my work here, I have rather regretfully to admit an undue proportion of the ideas on development of secondary industries and co-operation has come from myself and my office.

Swinton did not deny that these governments possessed imaginative and experienced personnel, but felt they were poorly employed, partly because they were preoccupied with other problems, and partly due to ineffective communication. This convinced him of the need for a suitably qualified Development Adviser[18].

The problems increasingly revealed as the planning exercise evolved were illustrated by the Gold Coast government's early attempts to produce a development plan. Early in 1943, Burns sent a summary of the territory's development proposals to London. The Colonial Office was disturbed by their apparent bias towards improving the Gold Coast's infrastructure, particularly its health and education services, to the neglect of economic development,

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15 CO 554/132/33718/4/1943, telegram, 10 Mar 1943.

16 Ibid., telegram, 31 Mar 1943.

17 Ibid., Stanley to Swinton, 18 June 1943; see also Pearce (1982), pp.70-1.

18 Ibid., letter to Stanley, 1 July 1943.

seen in London as essential if the territory were eventually to support the cost of welfare provision[19]. Further evidence of local governments' problems came from Bourdillon, who explained that the Nigerian Secretariat, as currently organised, could not produce a comprehensive development plan, yet he opposed the appointment of a Development Adviser, arguing that Nigeria's development plan should be drawn up by those officers who would be responsible for implementing it[20].

London increasingly recognised the need to review the practice of leaving the initiative in development planning to local governments, but this challenged the traditional division of responsibilities between the Colonial Office and local administrations. Within the Office, the traditional view, championed by Dawe, loyal to the primacy of the 'local' initiative, was eroded by a belief that progress with development required London to have greater influence on local governments. Dawe believed that the 'heretical convictions' he had expressed in November 1942 would become the 'orthodoxy of tomorrow'[21]. His impatience with the existing system of CD & W, which, he believed, was too restrictive, centralising and bureaucratic, matched Bourdillon's frequently voiced exasperation with the requirement that detailed development schemes had to be

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19 CO 96/776/8/31475/1943, Dawe to Burns, 17 Mar 1943.

20 CO 583/263/30560/1943, note of discussion between Dawe and Bourdillon, 10 June 1943; ibid., notes of meetings between Stanley, officials and Bourdillon, 22 June 1943 and 2 July 1943.

21 See above, (ch1, pp. 44-5)

submitted by colonial governments for examination by the Colonial Office and Treasury[22].

The alternative view, favouring greater centralisation, was advanced by Caine in a seminal memorandum of 16 August 1943. Even earlier, Caine had called for an overhaul of the Colonial Office's entire machinery, enabling it to refute 'the constant accusation of dilatory procedure and holding up business because of Civil Service red tape'[23]. In April 1943, Caine succeeded Sir John Campbell as Financial Adviser, acquiring responsibility for the co-ordination of development policy. In the following months, he became frustrated, concluding that the existing development machinery did little to encourage 'constructive work', and was inadequate in terms of personnel and expertise. The war offered a convenient excuse for the lack of progress, but Caine doubted that matters would improve much after the war under the current procedure[24]. In his view, the fundamental problem was that the Office's machinery was designed to receive and assess development schemes originating from local governments. This assumed, falsely, Caine believed, that the governments were equipped to produce such schemes. In fact, few schemes were being produced, because the local machinery needed to stimulate 'original and coherent thinking' on development was 'virtually non-existent'. This

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22 Ibid., draft brief by Cohen for discussions with Bourdillon, 21 June 1943; CO 583/262/30519/1942, minute by Dawe, 23 June 1943.

23 Minute of 11 July 1940, quoted in M. Petter, 'Sir Sydney Caine and the Colonial Office in the Second World War: A Career in the Making'. CJH, 16, 1, (Apr 1981), p.71.

24 CO 852/588/2, memo., 16 Aug 1943, reprinted in Porter and Stockwell (1987), pp.183-90.

repeated the warnings Caine had given in August 1942, when stressing the colonial governments' need for expert help in development planning[25].

Caine criticised the Colonial Office's passivity and reluctance to seize the initiative in development. He attacked the impression being encouraged by the Office that the wartime hiatus in development was an opportunity for local governments to produce comprehensive development plans, a claim he considered far-fetched, since no plan yet received in London 'nearly approached the ideal of completeness'. Development planning required skills beyond those necessary for routine administration, as well as uninterrupted thought. Simply to expand the colonial secretariats would not achieve these goals. Nor did Caine see the Development and Welfare Organisation in the West Indies, designed to advise and encourage colonial governments, as a helpful precedent, since it, too, could only examine schemes put forward by the governments. Caine argued that improved regional machinery had to be matched by a strengthening of London's machinery, and called for a strong, central organisation 'in or attached to' the Colonial Office, competent to initiate development, to encompass the whole field of economic development, and to examine systematically the problems ahead. The Colonial Office, he believed, needed to abandon its caution, its reluctance to offend 'local', or rather local <u>official</u> opinion[26].

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25 CO 852/505/7, minute, 26 Aug 1942.

26 CO 852/588/2, memo., 16 Aug 1943.

Caine's memorandum illustrates the divergence of opinion within the Colonial Office on the proper role of metropolitan officials in planning development. His arguments clearly challenged traditional assumptions, defended by the Geographical Departments of the Office, and advocated forcefully by Dawe. Significantly, when the West Africa Department began preparations for a draft memorandum on West African planning in March 1943, the Economic Department was not consulted[27]. In consequence, the West Africa Department was not always familiar with wider official thinking on economic issues. For example, in April 1943, O.G.R. Williams, head of the Department, confessed his ignorance of any clearly formulated policy on industrial development[28].

Nevertheless, Caine's memorandum evoked sympathy within the Office. As one colleague commented:

> It seems then, to end where Mr. Caine ends, that we must recognise as illusory the hope that Colonial Governments with present resources will ever be able to present from their end any projects which are not small scale and makeshift. In particular they will be unable to produce the wide concerted and well-integrated plans covering all aspects of developmment which alone can ensure success and eliminate the risk of wasted money and effort[29].

Senior officials accepted the need to strengthen development machinery in West Africa and London. Broadly, colonial governments were expected to provide local knowledge and technicians, while London's role was to provide the 'stimulus', expertise and, most important, the necessary

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27 CO 554/132/33718/1943, minute by Caine, 5 Apr 1943.

28 CO 96/775/1/31401/1941, minute, 29 Apr 1943.

29 CO 852/588/2, memo.by Benson, 19 Aug 1943.

finance. It was agreed that this might necessitate regional organisations enjoying executive powers, depending on local circumstances, to assist and encourage colonial governments. Moreover, the need was recognised for a development organisation in Britain, based in the Colonial Office, possibly throughthe temporary employment in London of technical personnel, who would be available to make field investigations[30].

The practical steps taken by the Colonial Office to improve both the local and central development machinery in the summer of 1943 were twofold. At the local level, a Development Adviser, responsible to the Resident Minister, was eventually appointed for West Africa. His principal function was to co-ordinate development planning, and to examine development schemes before their submission to London[31]. However, the problems facing the new Adviser largely nullified his appointment. In particular, the West African governments were jealous of their powers, a potential obstacle to greater regional co-ordination of development planning, compounded by a prevailing hostility

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30 Ibid., note of discussion between Gater, Battershill, Caine, Benson and Eastwood, 20 Aug 1943. Parallel to these discussions was a broad-ranging examination of the fitness of the Colonial Service to fulfil the tasks required by a 'forward' colonial policy. A basic obstacle to reform was the conservatism of metropolitan officials, opposed to fusion with their idiosyncratically selected colleagues in the field. Moreover, centralisation of the service appeared to conflict with the need to demonstrate Britain's commitment to the development of local self-governing institutions, intimately bound to local populations; see CO 967/22, WP(42)249 'Colonial Service Reorganisation', 11 June 1942; Jeffries (1972), passim; Lee and Petter (1982), pp.210-205; CO 967/22, minute by Jeffries, 2 Feb 1944; CO 852/215/4, minute by Jeffries, 25 July 1944.

31 CO 554/132/33718/1/1943, 'Post-War Planning for West Africa', despatched 31 Aug 1943.

to any new regional organisation to succeed the Resident Minister's Office. Hall and his staff found themselves relegated to a consultative role, providing information to experts employed by individual governments. Hall who, like Swinton, doubted the abilities of local officials, resigned late in 1944[32].

Centrally, the Colonial Office's major initiative was to create the Colonial Economic Advisory Committee (CEAC) in September 1943, to advise on questions of economic policy, especially those revealed by development programming[33]. Among CEAC's members were figures with colonial experience, such as Hailey and Bourdillon, academics, including the economists Evan Durbin, Sir Hubert Henderson and Professor Lionel Robbins, and representatives of British industry and labour. The committee's secretary, until November 1944, was the economist W.A. Lewis, temporarily attached to the Colonial Office. Caine, as Financial Adviser, attended regularly, as did Clauson, who became the Committee's Vice-Chairman. Procedural wrangles soon emerged. The Colonial Office tended to see the Committee as a body to which matters could be referred on an ad hoc basis. Some members of CEAC, especially Lewis, advocated a systematic review of development problems by the committee, to provide conclusions forming the basis of advice to local governments[34]. However, when Stanley addressed CEAC's second meeting in December 1943, he explained that the committee

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32 Kent (1985), pp.346-7.

33 Morgan (1980) I, p.184.

34 CO 852/510/30, minute by Lewis, 22 Nov 1943.

would be asked for advice mainly on questions of principle, rather than on detailed matters[35].

Local interest in industrial development

Despite the apparently poor condition of local development machinery, the early initiative in the reconstruction debate apparently came from West Africa rather than from London, and obliged the Colonial Office to address the range of issues involved in promoting economic development, notably those posed by industrialisation. A key role was taken by the Resident Minister, Swinton. As Colonial Secretary from 1931 to 1935, Swinton had tried to co-ordinate the Colonial Office's approach to economic policy. He oversaw the creation of an economic financial section of the Office's General Department, which became the separate Economic Department in 1934, and which was responsible for the pre-war series of Economic Surveys of the Colonial Empire. Swinton also singled out the young LSE graduate, Sydney Caine, for early promotion within the Office[36]. In February 1943, Swinton revealed his thoughts on future economic policy for West Africa, on the assumption that economic controls would continue into the immediate post-war period, with the regulation of imports, exports and shipping. Swinton identified help to the primary producer as the chief policy objective, involving steps to encourage organised marketing and increased production for the internal market. But in order to help foster more balanced colonial economies, Swinton was also keen to promote local

35 CO 990/1, CEAC 2nd minutes, 9 Dec 1943.

36 J.A. Cross, Lord Swinton, Oxford 1982, pp.111-13.

secondary industries, seeing potential for expansion in industries stimulated by wartime conditions. This, he believed, would benefit primary producers, whose produce could thereby be processed cheaply for the local market. Living standards, too, would rise as former 'luxury' goods came within the reach of local populations. Finally, industrial development would absorb the growing numbers of educated Africans, particularly demobilised African soldiers with technical skills, who were a potential 'nucleus' of talent around which new industries could develop. Since the current shortages of both shipping and materials were likely to persist after the war, Swinton believed priority should be given to projects least dependent on imported machinery, and to schemes which could absorb demobilised troops[37].

Before the Colonial Office could respond to Swinton's memorandum, it received from him a request for a ruling London on tariff protection. Swinton explained that he could not plan either agricultural or industrial development satisfactorily unless he knew whether some degree of protection would be permitted, although he disclaimed any intention of promoting 'artificial' production behind tariff walls[38]. Swinton believed that the Colonial territories should be allowed to develop 'simple' and economic industries, and to become more self-sufficient in food. Although he opposed 'artificial' protection, he thought that both agriculture and industry should be protected against outside competition. He argued that development like this would, on balance, benefit British industry, since the

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37 CO 852/480/11, WAWC(CM)4, 24 Feb 1943.

38 CO 852/480/11, letter to Stanley, 16 Mar 1943.

resulting increase in living standards and purchasing power would enable the colonial populations to import more sophisticated goods which Britain could supply[39].

The West African governments, represented on the Civil Members Committee, endorsed Swinton's ideas on industrialisation[40]. Like Swinton, the Governors believed that raw materials production would remain vital to the region, but felt that local processing and other industries should be encouraged, provided these were economic and justified by local needs, rather than geared to an export market. The Committee shared Swinton's view that 'moderate' protection, through tariffs or subsidies, would be needed to prevent local industries being 'slaughtered' by import competition[41]. Local governments had been encouraged by Stanley's speech at Oxford on 5 March 1943 in which he promised the British Government's support for the development of colonial industries where the local market could support them, or where they were a necessary adjunct to existing agriculture. Stanley had emphasised the unacceptability of 'unnatural and uneconomic' industrialisation behind 'abnormal' barriers[42]. The West African governments saw this as compatible with the views expressed in Swinton's memorandum[43].

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39 CO 852/503/18, WP(43)205, 'Post-War Commercial Policy'.

40 CO 554/132/33712/1/1943, WAWC(CM)(7), 9-10 Mar 1943. The Committee comprised the four West African Governors, with Swinton as Chairman. It replaced the West African Governors' Conference as the key regional co-ordinating body in January 1943 [see Kent (1985), p.151].

41 CO 554/132/33712/1/1943, WAWC(CM)(7), 9-10 Mar 1943.

42 CO 875/16/16, speech to Oxford Conservative Association, 5 Mar 1943.

The governments of both Nigeria and the Gold Coast continued to show interest in schemes to promote industrial development. Shortly before he retired from Nigeria in 1943, Bourdillon told the Colonial Office that industrialisation was essential if the territory were to improve and maintain its financial position[44]. Bourdillon continued to advocate industrial development, arguing that the prosperity of most colonies could be improved greatly by 'a considerable measure of industrialisation', but he thought industry should not supplant agriculture. As living standards rose and populations grew, the demand for locally produced food would rise, and so industrialisation and agricultural improvements should go hand in hand. Nor did Bourdillon propose 'artificial' industrialisation. He was interested in appropriate developments which could be started quickly, such as the processing of local raw materials (for example, cotton spinning and weaving), introducing diversification giving colonial incomes greater stability[45].

Similarly, in the Gold Coast, the government proceeded with plans to establish a West African Institute, one of whose functions would be to investigate the potential of industrial development schemes[46]. In March 1943, Stanley confirmed that the Governor's proposals of August 1942 had been formally submitted as a scheme under the 1940 CD & W

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43 CO 554/132/33712/1/1943, WAWC(CM), summary of 3rd meeting, 7 June 1943.

44 CO 583/263/30560/1943, note of meeting between Bourdillon and senior officials, 22 June 1943.

45 Sir Bernard Bourdillon, The Future of the Colonial Empire, London 1945, pp.51-3; ------, 'Colonial Development and Welfare', International Affairs, (1944), pp.369-80.

46 See above, (ch1, pp. 64-66).

Act[47]. The scheme's cost over a five year period was estimated to be L127,000. Towards this, London was asked for a capital grant of L52,000, to help finance buildings and a number of production units, including a brick and tile factory and an industrial textile unit[48]. The immediate function of the Institute, given wartime needs, was to promote local manufacture of bricks, tiles, pottery and textiles to meet local demands. Although the Institute's economic soundness was questioned by some officials in London, notably Clauson, because of the scheme's basically educational nature, its advocates hoped that these doubts would be dispelled by the presence of an economist, and of men with practical experience[49].

The work of the Institute raised an important question, one which recurred in this period of reconstruction planning, over the relative merits of 'village' versus 'factory' industry. Carstairs, head of the Production Department of the Colonial Office's Economic Division, remarked that the authorities of Achimota College, the Institute's sponsors, favoured the former model of development, apparently from a belief that workers' interests were less secure under factory production. But as Carstairs pointed out, 'cottage' industry was equally prone to 'sweating' and unacceptable conditions, which were more easily controlled under factory conditions. He was equally dismissive of another of Achimota's claims, that village-

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47 CO 554/130/33685/1943, telegram Burns, 1 Mar 1943.

48 Ibid., Advisory Committee on Education in the Colonies (ACEC), 121st minutes, 25 Mar 1943.

49 Ibid., note by H.B. Lawrence, 10 June 1943.

type industry would be squeezed out by cheaper and more efficient factory production, a view which appeared ultimately 'to rest on aesthetic rather than on economic considerations'. He rejected the view that factory-produced goods were necessarily inferior to those of cottage industry, and questioned the relevance of such criteria to West African conditions[50]. Carstairs had already criticised the apparent antipathy of the Institute's promoters towards the modernising impact of development[51].

A major influence shaping the West African governments' attitudes towards industrialisation, at least in early discussions on post-war planning, was the need to prepare for the smooth demobilisation of local troops. The Civil Members' Committee believed that industrial development was vital to the demobilisation and resettlement programme[52]. However, while the message repeatedly issuing from West Africa was that demobilised troops would want new forms of employment appropriate to the skills they had acquired during the war, thereby breaking away from traditional patterns of life and seeking higher living standards, a sharply contrasting view was taken by the Colonial Office's Labour Adviser, Orde Browne, who toured West Africa between November 1943 and March 1944. Following discussions with many local administrators, Orde Browne concluded that demobilised troops would not, generally, demand new employment opportunities, as had been asserted:

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50 CO 96/775/1/31401/1941, minute, 5 May 1943.

51 CO 554/130/33685/1942, minute, 15 Sept 1942.

52 CO 554/132/333712/1/1943, WAWC(CM)(15), summary of 3rd meeting, 7 June 1943.

> The African is usually well contented with the tribal mode of life, given that it is in reasonably favourable circumstances, and he does not share the Englishman's fear of unemployment, lack of housing, assurance for illness and old-age, and the various other features of industrialised Europe. He sets a high value on undisturbed leisure, (though this does not mean idleness) which is the main advantage of his own mode of living, and this attitude seems likely to encourage a more general return to village life than might be expected.

It was possible, he thought, to exaggerate the special requirements of demobilised troops; furthermore, transport problems were likely to delay their return from service abroad, allowing ample time to prepare for their reabsorption[53].

The Nigerian and Gold Coast governments, however, were less confident. As Governor Richards commented on the situation facing the returning Nigerian soldier:

> In the immediate post-war period he will be glad to rejoin his relations at home, but when he has had time to look round and compare his tribal life with what he has seen elsewhere I doubt if he will be satisfied[54].

Initially, the Gold Coast government shared Orde Browne's view. In July 1944, Burns told Stanley that many demobilised Gold Coast troops would return to their villages and resume their former occupations[55]. By June 1945, however, officials doubted whether the majority of returning soldiers would happily revert to a life of peasant agriculture, preferring skilled employment and higher wages[56]. In both Nigeria and

53 CO 554/139/33764/1944, 'Report on a tour in West Africa November 1943 to March 1944', June 1944.

54 CO 554/139/33764/1945, letter to Stanley, 27 Feb 1945.

55 CO 96/781/31475/1944, despatch, 26 July 1944.

56 CO 554/139/33764/1945, OAG, Gold Coast, (Gurney) to Stanley, 14 June 1945.

the Gold Coast, therefore, the prospect of imminent demobilisation remained an incentive to encourage industrialisation.

Among the thorniest issues raised by Swinton in his discussion of industrialisation was the question of tariff protection for new industries. The caution with which the Colonial Offices handled this issue arose from continuing uncertainty during the reconstruction debate about the extent to which international trade would be liberalised after the war. Under Article VII of the Mutual Aid Agreement signed in February 1942 with the United States, in return for materials supplied under Lend-Lease, Britain was committed to working with the United States to secure general tariff cuts and eliminate discriminatory trading practices. For Britain, the question was whether this undertaking would affect the system of Imperial Preference constructed during the 1930s. Within the War Cabinet, this was a highly divisive issue, Imperial Preference being championed by Beaverbrook and Amery. The uncertainty created by Cabinet divisions was not helped by Churchill's unwillingness to take a firm line on the issue[57]. Throughout the post-war planning debate, the future of Imperial Preference and of tariff policy remained unresolved. Although negotiations with the United States began in 1943, no firm decisions were reached, although both sides agreed on the desirability of a commercial convention on lowering tariffs, for a high level of employment to encourage freer trade, and on the abolition of quantitative restrictions on

57 C. Thorne, Allies of a Kind, (Oxford, 1979), pp.92-102.

trade[58]. It was another year before talks resumed, with the Treasury, under Keynes'influence, arguing that Britain's bleak post-war financial prospects required a conciliatory approach to the United States. The American position at this stage was that the Article VII commitment included the abolition of all preferences, while tariff cuts could be agreed bilaterally. British negotiators, however, felt that the loss of Imperial Preference should be matched by a US offer of substantial and wide-ranging tariff cuts[59]. In July 1944, at the Bretton Woods Conference, a major step forward was taken with Britain's agreement to the establishment of the International Monetary Fund and the World Bank, the financial bases of multilateralism. However, as late as July 1945, Churchill could claim, during the Potsdam Conference, that Britain was not committed to abandoning Imperial Preference[60]. Only after the abrupt termination of Lend-Lease in August 1945, and the consequent need to secure a dollar loan from the United States, did Britain eventually ratify the Bretton Woods Agreement in December 1945, promising to make sterling freely convertible one year after the loan became effective, and agreeing to 'non-discrimination' in trade, involving the removal of quantitative restrictions on US exports to Britain from the end of 1946. Furthermore, Britain and the United States agreed to co-operate towards the reduction of tariffs and the elimination of preferences[61].

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58 M.W. Kirby, The Decline of British Economic Power since 1870, (1981), pp.93-4.

59 Ibid..

60 Thorne (1979),p.513.

Until at least the end of 1945, therefore, the outlook for international trade policy, and specifically for future tariff levels, remained unclear. Within Whitehall, however, there were indications of a shift of opinion in favour of freer trade. In January 1943, the War Cabinet's Inter-Departmental Committee on Post-War Commercial Policy, chaired by Sir Arnold Overton of the Board of Trade, produced a report demonstrating this shift at least among some key officials[62]. The Overton Report favoured a general multilateral commercial convention, under which existing preferences, including Imperial Preferences, would be cut to half their 1939 level, a concession believed vital to secure agreement with the United States. The Report recommended that the <u>protective</u> (but not the <u>revenue</u>) element in tariffs should be set between 10% and 25%. Moderate state subsidisation of industries, and a temporary period of quantitative import restriction after the war, were advocated, coupled to the establishment of a Commercial Union to complement the proposed International Clearing Union[63]. The Report was endorsed by the majority of the Committee's members, representing the Board of Trade, the Department of Overseas Trade, the Dominions Office, the Foreign Office and the Cabinet Economic Secretariat. The

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61 Ibid., p.675; Kirby (1981), pp.95-7; Hinds (1987), p.148.

62 L.S. Pressnell, <u>External Economic Policy Since the War Volume 1 The Post-War Financial Settlement</u>, (1986), p.101.

63 CAB 117/68, 'Report of the Committee on Post-War Commercial Policy', 6 Jan 1943. Intimations of the shift to 'multilateralist' thinking in the Board of Trade can be found much earlier, e.g. in Shackle's June 1941 memorandum on economic reconstruction (CAB 123/53), which urged a modification of Imperial Preference in order to secure US co-operation in postwar trading arrangements. See Cairncross and Watts (1989), pp.96-7.

Treasury, however, remained cool, one of its representatives, Sir Hubert Henderson, being especially critical of the threat to the system of Imperial Preference[64]. The Board of Trade and the Department of Overseas Trade had, however, concluded that the best hope for future commercial stability lay in a general liberalisation of world trade. The Secretary of the Department of Overseas Trade, Harcourt Johnstone, told the Chancellor, Sir John Anderson, in January 1943, that the experience of the inter-war years suggested that a lowering of trade barriers would encourage international trade, assisting Britain's balances of trade and of payments. In particular, he sought an end to quantitative import restrictions. These had, he conceded, benefited British industry before the war, for example by limiting colonial imports of foreign cotton goods. However, the evidence now suggested that British exporters regarded such restrictions as the 'most serious obstacle facing them'[65].

Though not invited to participate in the Overton Committee, the Colonial Office made comments which were appended to the Overton Report. The Office generally favoured the Report's multilateralist recommendations, believing that if these were associated with schemes to regulate primary production and to establish an International Clearing Union, the colonial territories would benefit from the increase in commodity demand from a general expansion of world trade. The Office explained that hitherto, most colonial tariffs were intended to raise

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64 Pressnell (1986), p.102.

65 CAB 123/221, Harcourt Johnstone to Anderson, 15 Jan 1943.

revenue, but that there had been a recent tendency to use tariffs to shelter secondary industries. While the Office's policy on this question had never been defined precisely, it had been customary to accept modest protection. Although the Office believed that the proposed 25% ceiling on ad valorem duties was acceptable, it warned of possible hostility from the colonies. Finally, the Office linked the issue of Preference to that of colonial development finance, arguing that British public opinion was more likely to acquiesce in financial assistance towards development if Britain continued to enjoy tariff advantages in the colonial territories[66]. In general, however, the Office was moving towards a more explicitly multilateralist position, a trend which continued and was supported by Clauson and Caine, the leading spokesmen on economic affairs. Thus, in August 1945, Clauson could assert that the complementary interests of Britain and the colonies would benefit from an expansion of world trade under freer conditions. While both required 'moderate' protection for some industries, both would suffer from widespread, high protection. He conceded, however, that whereas the developed British economy required limited but comprehensive protection, the colonial economies needed greater protection for a smaller number of emerging industries, although they could not afford to give high protection to basically uneconomic industries. Since freer trade would benefit the colonies, they could afford to make concessions on preferences if the markets for their produce consequently grew. Believing that metropolitan and colonial

66 CAB 117/68, 'Report of the Committee on Post-War Commercial Policy', 6 Jan 1943.

interests lay in negotiated tariff cuts, Clauson concluded that the Colonial Office could not obstruct collaboration with the United States over commercial policy[67].

Uncertainty about the post-war international economic order therefore overshadowed the Colonial Office's continuing discussions on industrial development. Until major questions of policy were agreed at an international level, the Office could not gauge the long-term outlook for colonial economic policy. Nevertheless, a tentative attempt was made, late in 1943, to forecast post-war conditions. Generally, officials predicted a continuing demand for most types of colonial produce, though demand for some commodities, such as copper and bauxite, was expected to fall, therefore local governments were advised to consider promoting alternative sources of employment and income. Wartime shortages of capital and consumer goods, and of personnel, were expected to continue, at least during the 'transition' phase and the switch to peacetime production. Personnel shortages, it was thought, might be eased by drawing on the technical training which ex-soldiers had received. Finally, because import controls would persist, officials in London believed that local anti-inflationary measures would have to continue, involving price controls and taxation[68]. If these were the Office's general assumptions about the future, there remained the immediate task of responding to Swinton's memorandum. Swinton's ideas on economic policy were generally accepted by the Colonial

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67 CO 852/584/1, minute, 21 Aug 1945.

68 CO 990/2, CEAC(44)11, 'Effects of war-time changes in colonial economic structure and organisation' (n.d.).

Office[69]. However, Swinton had concentrated on post-war development, whereas the Office was still thinking in the shorter term, specifically on how industrial development could be used to ease colonial import shortages[70]. For the Colonial Office, the basic problem was that in view of the Board of Trade's position, expressed to the War Cabinet Africa Committee, a policy ruling from the Cabinet was needed before local governments could be advised on long-term industrial development. Clauson therefore felt that the Office should concentrate on shorter-term issues when communicating with Swinton, and postpone statements on long-term policy[71].

Similarly, on the related questions of industrial development and protection, Caine urged his colleagues to 'go cautiously': while nothing should be done to obstruct industries of direct value to the war effort, subject to the availability of plant, it was not yet possible to formulate a general long-term policy on industrial development, and no commitments could be made to a lengthy period of protection. Moreover, the whole question of industrialisation was likely to be referred to the recently established CEAC[72]. Caine's caution was echoed in the Colonial Office. In May 1943, it was agreed that the time was not yet ripe for giving Swinton guidelines on long-term industrial development policy[73].

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69 CO 852/480/11, summary of WAWC(CM)4 (Memorandum by Lord Swinton on Economic Policy), Aug 1943.

70 CO 852/480/11, minute by Creasy, 12 Mar 1943.

71 Ibid., minute, 15 Mar 1943.

72 Ibid., minute, 29 Apr 1943.

73 Ibid., minute by Carstairs, 15 May 1943.

This did not satisfy Stanley, who demanded a more substantial response from the Office[74]. A further meeting was held at the end of May to discuss the Office's reply to Swinton. Again the difficulties of giving clear policy guidance arose. However, it was recognised that local governments needed some indication of policy in order to be able to plan ahead. It was agreed that some idea of acceptable levels of protection in the projected post-war international economic order could be derived from the recent Cabinet paper on Post-War Commercial Policy. Officials also believed that it would be possible to suggest the types of industry which were acceptable in principle, without approaching other Whitehall departments for their views. Nevertheless, it was agreed that colonial governments should be instructed to refer specific schemes to London for approval[75].

Against this background of general sympathy for freer trade, but doubts over the precise means to this end, the Colonial Office discussed its response to Swinton's request for guidance on tariff policy. Within the Office, the most sustained criticism of protection for colonial industries came from Caine, who saw subsidies as the appropriate alternative. He pointed out that most of the items which the Colonial Office hoped to see produced by colonial industry were simple articles. However, if protection kept the prices of these products higher than those of equivalent imports, the burden might fall on poorer consumers.

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74 Ibid., minute, 24 May 1943.

75 Ibid., minute by Carstairs, 28 May 1943.

> However plausible it may look at first sight there is no intrinsic justice in making the consumers of an article pay for the assistance which on grounds of public policy it is necessary to extend to producers, and wherever it is feasible it is better and more equitable that the cost should be spread over the general body of taxpayers by giving the assistance in the form of a subsidy or in some other way which does not involve a direct increase of price[76].

Here, Caine drew on a suggestion made in the Overton Report[77]. His arguments were incorporated into Stanley's reply to Swinton, eventually despatched in June 1943.

Stanley explained that it was not yet possible to give an authoritative statement on long-term policy towards industrial development, which would require the Board of Trade's agreement, and in light of the international discussions on commercial policy, the Colonial Office could not yet make public pronouncements on industrial policy. In any case, he argued, in wartime, private companies could not engage in industrialisation, other than that required for the war effort. Nevertheless, in order to assist local governments to consider industrial potential in their development plans, Stanley offered some guidelines. First, he assured Swinton that no colonial industry viable without protection would be obstructed because it might compete with British industry. Nor did he believe 'insuperable' objections would be raised in principle to local industries requiring only 'moderate' protection. However, he warned against industrial development behind high tariff barriers, geared towards the export trade, arguing that such

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76 CO 852/480/11, minute, 31 May 1943.

77 CAB 117/68, 'Report of the Committee on Post-War Commercial Policy', 6 Jan 1943.

industries would in effect be being subsidised by the local consumer. Stanley showed particular interest in industries which involved the processing of local primary produce. Finally, he repeated Caine's argument by suggesting that where an industry needed government assistance, subsidies should be considered as an alternative to tariffs[78].

Swinton was pleased with this broad outline of policy, and reassured Stanley that he had 'strenuously discouraged' any idea of developing protected industries geared to the export trade. He defined an 'economic' industry as one which was locally economic without a high protective tariff. Within this definition, he saw much potential, although he told the West African colonial governments that plant was available only for war-related industry[79].

A striking feature of the Colonial Office's discussions on planning between 1943 and 1946 is the continuing stress on the need to provide social welfare and political development with secure economic foundations. The planning of post-war development revealed differences of opinion between London and West Africa on reconstruction priorities. In particular, the Colonial Office feared that too much attention was being paid by local governments to social welfare and not enough to the establishment of sound economic foundations on which the colonies could construct an adequate welfare infrastructure[80]. External observers of colonial affairs, notably the Fabian Colonial Bureau, shared this anxiety. For example, the Bureau was highly critical of

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78 CO 852/482/2, letter to Swinton, 5 June 1943.

79 CO 852/480/11, letter to Stanley, 22 June 1943.

80 See above, p.95.

the first report of the Development and Welfare Comptroller in the West Indies, when this was debated in the Commons in April 1943. The Bureau was concerned at the report's neglect of industrial development, and feared that the region's 'dilapidated' economy would be propped up with superficial, though necessary, social improvements, whereas the fundamental need was to tackle the causes of colonial poverty, not its symptoms[81]. This view was explicit in Caine's memorandum of August 1943, and was shared by his colleagues[82]. Similarly, a discussion paper sent to the colonial governments in April 1944 warned that it would be impossible for the British taxpayer to bear the sole burden of raising colonial living standards. The chief goal of metropolitan assistance would therefore be to develop the colonies so that they would be able to pay for the services demanded by local conditions: 'It is therefore of the first importance that attention should be paid first of all in the planning of development to the improvement of economic conditions and the increase of the real income available to Colonial communities'[83]. Stanley repeated this point when addressing CEAC in December 1944. Referring to the Colonial Office's plans to extend the 1940 CD & W legislation, he said that the purpose of the new Act was to enable the colonies to develop their own resources, allowing them to support 'decent' living standards: 'Nothing could be worse than to give Colonial peoples the idea that the Colonial

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81 Empire, vol.5, no.6, (March 1943).

82 E.g., CO 852/588/2, memo.by Benson, 19 Aug 1943.

83 CO 96/781/31475/1944, Papers on Colonial Affairs No.3, (C.M.No.3), 'The Planning of Social and Economic Development in the Colonial Empire', Apr 1944.

Development and Welfare Act was a permanent subsidy to their social services which the tax-payer of this country would undertake to pay without thought either of return, or indeed supervision'[84]. Here are views strongly reminiscent of those expressed by the Treasury during the preparation of the CD & W Bill in 1940[85]. Similarly, local governments were told in November 1945 that the primary concern in development was economic improvement, and that a 'proper balance' had to be achieved between economic development and social welfare. Of the two, economic development was said to be the more important, because without it, the colonies would be unable to maintain improved welfare standards, although it was recognised that the development of social services could contribute indirectly to economic development. As Stanley's successor, George Hall, explained:

> I emphasise the fundamental character of economic development, because the possibilities of expansion in the social services are commonly immediately apparent and, as a matter of administrative organisation, are directly the concern of particular departments, while economic development is at once a more general responsibility and a sphere in which the desirable course is less easy to determine[86].

These examples demonstrate that although the Colonial Office, no less tham any other department in Whitehall, absorbed the optimism of the 'reconstruction' phase, it retained a fundamentally realistic attitude towards development priorities, a realism grounded in years of

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84 CO 990/1, CEAC 9th minutes, 19 Dec 1944.

85 See above, p. 22f.

86 Cmd.6713 <u>Colonial Development and Welfare. Despatch dated 12th November, 1945 from the Secretary of State for the Colonies to Colonial Governments</u>, PP(1945-46), xix, 35.

frustrating experience in trying to arouse metropolitan interest in, and funding for, the colonies. For the Colonial Office, the central goal of policy was to become increasingly clear, if deceptively simple and easily confused with an earlier phase of colonial rule more wedded to rhetoric than to substance. It was, in effect, to encourage the colonies 'to stand on their own feet' both politically and economically[87].

Given this official emphasis on promoting economic development, what place did industrialisation occupy in the Colonial Office's reconstruction priorities? The Office's thinking on industrial development in West Africa had been underpinned by the belief that with the decline in war-related economic activity in the region as the military situation improved late in 1942, a recession in local employment was likely. By April 1943, however, officials were less certain, especially in view of the proposal to develop an air route between Accra and the Middle East. It seemed that local industries would not be needed so urgently to absorb surplus labour[88]. Moreover, it is clear both from public statements and private comments that the Colonial Office's discussions presumed that most colonies were, and would remain, primarily agricultural economies. For example, Stanley, while personally attracted to promoting diversification, apparently harboured no illusions about altering radically the structure of colonial economies. Improved living standards would, he thought, depend upon

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87 CO 999/1, CEDC 1st minutes, 7 Oct 1946.

88 CO 852/480/11, minute by K.E. Robinson, 23 Apr 1943; ibid., minute by O.G.R. Williams, 27 Apr 1943.

improvements in agriculture[89]. Stanley was consistent in his views. Two years later, from the Opposition benches, he told the Commons:

> When we come to a discussion of economic questions in the Colonies, although the development of secondary industries may catch one's imagination - and I should be the last to underrate its importance - for the vast majority of the 60,000,000 people, it means agriculture[90].

Nevertheless, the view persisted in the Colonial Office that colonial poverty was due, at least in part, to dependence on primary production, and that industrialisation could help raise living standards[91]. Yet judgements on the desirability of individual proposals were apt to become blurred under abnormal wartime conditions. Characteristically, it was Caine who warned of this potential problem. He differentiated between the need to secure supplies of a commodity such as cement for a colony, possibly through local production, and the more general desirability of promoting industrial development. He thought it a 'fatal' error to confuse these two objects, and warned that the promotion of local manufacturing for its own sake might even impede, rather than stimulate, the local production of scarce goods[92].

As the reconstruction debate gathered pace during 1943, the Colonial Office's public pronouncements on industrialisation became more confident. Speaking to the

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89 PD(C), 402, cols.462-3, 20 July 1944.

90 PD(C), 425, col.269, 9 July 1946.

91 CO 852/578/5, Cmd.6529 Colonial Products Research Council. First Annual Report 1943-1944, May 1944.

92 CO 852/482/3, minute, 30 Oct 1943.

Oxford Conservative Association in March, Stanley spelt out the broad themes of British colonial policy, concentrating on the need for economic development. Echoing the central thesis of the 'Dual Mandate' philosophy, Stanley explained that colonial economic growth would benefit both local populations and the world. While the colonies were, and 'probably must remain' predominantly agricultural, the potential value of industries, in absorbing skilled labour, ought not be overlooked. He saw no threat to metropolitan interests in the emergence of colonial industries serving local markets and complementing local agriculture, but warned against fostering 'unnatural and uneconomic' industries behind high tariffs[93].

These comments were elaborated in Stanley's major policy speech in the Commons in July 1943. On this occasion, Stanley took care to speak of limited industrialisation:

> That growth must be reasonable. I cannot think of anything more fatal to the economics of the Colonies than a rash, mushroom, industrialist growth, fostered by high protective tariffs unrelated either to local products or to local markets[94].

Appropriate types of development, he suggested, might include raw materials processing and the manufacture of simple goods not requiring imports of raw materials. However, he stressed that in wartime, only those industries contributing to the war effort could be encouraged. Stanley said that while 'moderate' tariff or other protection to local industries might be necessary initially, industries dependent on 'excessive' government help would not be

93 CO 875/16/16, speech, 5 Mar 1943.

94 PD(C), 391, cols.66-8, 13 July 1943.

welcome, because of their possible adverse long-term economic effects. Conscious that the subject remained controversial, Stanley sought to pre-empt British manufacturers' fears: 'My own belief is that a wise expansion of secondary industry in the colonies will not react adversely upon our export trade as a whole, and will in the long run prove beneficial'. He argued that in post-war conditions, Britain's chief asset would be her accumulated industrial skill, and that it would increasingly be in the field of sophisticated manufactured goods that Britain would be able to compete overseas. Furthermore, it would no longer be possible to rely on Imperial Preference to shield British industry from foreign competition: 'To enable us to compete in the Colonial territories in the cheapest classes of goods would need preferential treatment so great as to question our position as trustees for the territories'. In any case, argued Stanley, such treatment would be self-defeating, because the cost of such preference would be passed on to the colonial consumer, causing local markets to contract. As he concluded:

> The more the Colonies are able themselves to supply their own cheaper necessities, the more will be available from the surplus for overseas purchase and the more will be available to buy the better class of goods which need skill in their manufacture, and in which, therefore, the export industries of this country will be able to compete on fair terms[95].

Significantly, Stanley's speech made no reference to industries geared to exporting. Although most of the Colonial Office's discussions in this period concerned limited industrialisation catering to local needs for

95 Ibid..

simpler manufactures, the question of export-orientated production was not entirely absent. For instance, in December 1942, Burns proposed establishing in the Gold Coast a furniture industry targeted at the British market[96]. Stanley discouraged the idea, arguing:

> The chief justification for the establishment of secondary industries in the Colonial Empire is usually a local demand for the goods produced, since an internal market of this kind gives a much greater measure of stability than a market overseas, where the possibilities of competition and other obstacles to trade are largely incalculable.

In Stanley's view, the furniture project should concentrate on supplying the 'less discriminating' local market[97]. However, the implication appears to be clear: it was one thing to encourage local production which would only compete with an already apparently doomed British export trade in cheap goods; it was quite another to promote external competition in the domestic British market.

Stanley's speech of July 1943 formed the basis of the Colonial Office's discussions on industrial development for the remainder of the 'planning' phase, that is, up to the end of 1946. It was also the source of guidelines subsequently issued to the West African governments. The Office's references to the subject tempered caution with qualified optimism. For example, the memorandum on post-war planning, sent to West Africa in August 1943, explained that certain questions, including industrialisation, could not be addressed fully until after the war, because they involved larger policy issues, such as the future of tariffs, which

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96 CO 852/371/1, despatch to Stanley, 15 Dec 1942.

97 Ibid., despatch to Burns, 10 Apr 1943.

required international agreement. The Office believed, however, that Stanley had provided enough short-term guidance in his Oxford and Commons speeches[98].

An important factor contributing to the Colonial Office's growing willingness to discuss and defend industrialisation was the apparent softening, more pronounced during 1943, of the Board of Trade's views on this traditionally vexed question. The Board's constructive attitude towards a number of East African industrial schemes early in 1943 prompted Dawe to comment: 'In the past the Board of Trade, as guardian of the interests of home industry, has been our chief obstacle in attempting to establish a wider point of view with regard to the development of secondary industries in the Colonies'[99]. Stanley, a previous President of the Board, added, ironically: 'Clearly the President... is more progressive or more amenable than some of his predecessors'[100].

Firmer evidence of the Board's changing views came in a memorandum produced in July 1943 on 'U.K. Participation in Empire Secondary Industry'[101]. In this, the Board admitted that, in the past, because of the need to protect employment at home, little 'official' encouragement had been given to British firms to establish industries overseas. While this need remained, the wartime stimulation of industrial development in other countries required a review of

98 CO 554/132/33718/1/1943, 'Post-War Planning for West Africa', (n.d.).

99 CO 852/480/1, minute, 5 May 1943.

100 Ibid., minute, 6 May 1943.

101 CO 852/409/13, 'U.K. Participation in Empire Secondary Industries', July 1943.

Britain's possible role. An obstructive policy might ultimately be counter-productive. Industrialisation, for example in the Dominions and India, would, the Board argued, proceed whether or not British interests offered to participate, but a refusal to help might encourage these countries to promote inefficient and uneconomic industries behind high tariff walls[102]. If Britain did not participate, foreign competitors would. Moreover, co-operation in this development would enable Britain to share in the developing world's growing prosperity, and would partly off-set the damage done to British exporters, by creating an initial demand for British capital goods, and a continuing demand for accessories and spares. Non-economic considerations were also relevant:

> From the wider political angle, so far as the Dominions and India are concerned, resistance to local industrial development is bound to lay us open to the charge that we are interested only in our own prosperity and not in theirs.

The Board emphasised that no firm undertakings could yet be given about future supplies from Britain of capital equipment, adding that many of the questions raised by industrialisation in the Empire were unanswerable pending an agreement on future international economic relations.

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102 The Federation of British Industries had already reached this conclusion in its February 1943 report on 'The future of British export trade': "We must face the fact that, whether we like it or not, the establishment of secondary industries in what were previously non-industrialised agricultural and mining regions is going to forge ahead rapidly after the war. If we participate willingly and co-operatively in this movement we should not only be able to secure extensive orders for our constructional industries - the very industries that will be in greatest need of assistance at the end of the war - but also should be able to play a part in shaping the world trading system of the future" [CAB 117/199, 23 Feb 1943].

Nevertheless, it was felt that these questions should be addressed before the war's end. The Board's tentative guidelines assumed that no co-ordinated planning of industrialisation by Empire governments was likely, given the degree of state control over private enterprise which this might require. Hence, British firms should be willing to consider development proposals as they arose, and the British Government should encourage firms at least to investigate such schemes. In its reasoning, however, the Board betrayed signs of a lingering, if camouflaged, scepticism:

> Even where they have good reason to think that the results of such investigations may prove negative, they will stand a better chance of quashing unhealthy projects if they can, as the result of a careful technical investigation, prove them to be so than if they adopt a nonpossumus attitude.

Unco-operative firms would weaken their case for future government help when their interests were threatened by developments overseas. The British Government's role should be to discuss broad questions of development with other Empire governments, 'and to apply - but very discreetly - a certain amount of "braking" designed so far as possible to delay final ad hoc conclusions until the general position is clearer'[103]. An apparent fatalism in the Board of Trade's views is evident, too, in a memorandum it submitted to the War Cabinet Reconstruction Committee in June 1944. Surveying the long-term prospects for British exports, the Board concluded that a liberalisation of world trade was essential to a revival of British exports. Significantly, the domestic textile industry was cited as a traditional export trade

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103 Ibid..

whose decline was likely to continue after the war[104]. If the Board saw this decline as inevitable and irreversible, then this may explain why the Board's opposition to colonial textile development, much in evidence up to 1942, apparently eased thereafter.

Similar views emerged in a Treasury memorandum on 'Overseas Investment in the next few years', circulated in January 1944 following interdepartmental discussions. The memorandum's central message was that after the war, care would be needed in Britain's external investments. Significantly, it was assumed that Lend-Lease might <u>not</u> continue long after the defeat of Germany. On overseas industrialisation, the Treasury echoed the Board of Trade's line, namely that participation by British interests might be the only means of compensating for the resulting damage to British exports, especially of consumer goods. British participation would not only yield profits, but would also establish markets for British exports of plant and expertise. The future spread of industrialisation overseas seemed probable, but the Treasury argued that Britain should not oppose this, <u>except</u> where it would cause 'violent displacements' to British exports. While 'excessive' tariff or other protection would still be resisted, some exceptions were acceptable, enough to safeguard against 'hopelessly uneconomic industrialisation'. Moreover, the Treasury continued: 'It is in our interest to see rising standards of

104 T.J. Miller, 'The Board of Trade and British Economic Reconstruction 1940-49: the regeneration of exporting industries', (unpublished M.Litt. thesis, Stirling University, 1986), pp.70-1.

living generally, and not least when they come from an improvement in the balance of a country's economy'[105].

Neither the Board of Trade nor the Treasury referred specifically to colonial industrialisation in their submissions. This suggests a continuing tendency to assume an identity of interests between the metropole and the colonies, or at least a continuing belief that colonial economies were subject to greater metropolitan influence than those of other parts of the Empire and elsewhere. The Board of Trade clearly had in mind industrialisation in the Dominions, whose economic policies Britain could no longer control, as post-Ottawa experience had demonstrated. However, the Treasury's memorandum was subsequently amended, at the Colonial Office's request, to state that the colonial territories should have a claim on British investment second only to home requirements[106]. It seems likely that this evidence of policy revision by two major Whitehall departments, however vaguely delineated, encouraged officials in the Colonial Office to maintain a tenacious stance on colonial industrialisation. Nevertheless, it remained to be seen whether the Treasury and Board of Trade were prepared to extend to the colonial empire the more liberal approach to industrialisation which they seemed ready to apply to the Dominions. Even more, it remained to be seen how the Board of Trade would react to <u>specific</u> proposals for colonial industrial development, particularly those for textile industries, given the difficult future

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105 CO 852/554/7, 'Overseas investment in the next few years', Jan 1944.

106 Ibid..

already being predicted for the British cotton industry, and the tradition of hostility to such development from Lancashire.

As Caine predicted, industrial development was one of the first questions to be referred to the Colonial Economic Advisory Committee. The full activation of the Committee was delayed by Stanley's absence in West Africa, and it was not until early 1944 that its discussions on industrialisation began[107]. From the outset of CEAC's work, there were indications that its role was being managed carefully by the Colonial Office. For example, an attempt by Sir Hubert Henderson, a vocal critic of the apparent ascendency of multilateralist thinking in Whitehall, to raise the questions of commodity regulation and Imperial Preference proved unsuccessful[108]. Both matters were affected by the Article VII negotiations, and were still before the War Cabinet and therefore highly confidential. Senior Colonial Office officials considered it inappropriate to refer such major policy issues to CEAC[109]. More immediately, officials could not agree on the text of a memorandum on industrialisation for CEAC. With relief, they accepted an offer by Lewis, CEAC's Secretary, to draft a paper on the subject[110]. Lewis later explained that his memorandum was a

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107 PD(C), 396, cols.177-8, 19 Jan 1944.

108 CO 852/586/9, letter to Lewis, 21 Dec 1943; ibid., minute by Lewis, 21 Dec 1943. Henderson had been the only member of the War Cabinet Committee on Post-War Commercial Policy to oppose the Committee's Report, produced in January 1943.

109 Ibid., minutes by Caine, 23 Dec 1943, Clauson, 24 Dec 1943 and Caine, 6 Jan 1944.

110 CO 852/482/2, minute by Caine, 24 Dec 1943.

personal statement, written before he entered the Colonial Office[111]. It was a comprehensive survey of the question, analysing claims made by proponents of industrialisation and addressing some of the problems involved. Lewis identified four main advantages of industrial development, beginning with the employment of under-utilised labour development in agricultural economies. Agricultural improvements, could be expected to release labour which industry could absorb. Lewis therefore saw a close relationship between agricultural and industrial development. Further, industrialisation would make possible a redistribution of colonial external purchasing power, which, together with higher average incomes from more remunerative industrial employment, would raise living standards generally. Also, diversification through industrial development would bring greater economic stability, while enriching communities through the transmission of new skills. Lewis did not believe that the British Government had actively blocked colonial industrialisation in the past, despite promptings by British manufacturers. However, he argued, little had been done to encourage industrial development. Lewis strongly advocated colonial industrial growth. As an economist, he was convinced of the benefits to be derived from economies of scale, and of developing groups of industries simultaneously in the same region, arguing that in this way the necessary utilities could be provided more cheaply. Instead of the 'gradual evolution' of manufacturing, Lewis called for a 'sudden jump' in

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111 CO 990/1, CEAC 3rd minutes, 15 Feb 1944; ibid., CEAC(44)15, 'The Development of Secondary Industry in the Colonial Empire' (n.d.).

development, a stance likely to alarm the Colonial Office. In other respects, Lewis's views were more conventional. For instance, he considered that the best opportunities for colonial industry lay with the processing of local raw materials and import-substitution, suggestions in line with the Colonial Office's thinking. Lewis felt that colonial industries might require initial, possibly even permanent, protection, where external competitors tried to under-sell and squeeze out local concerns, but he opposed artificial support of local industries through high prices, arguing that this would damage their competitiveness[112].

Symbolic of the improving relations between the Colonial Office and the Board of Trade concerning colonial industrialisation was Caine's willingness to send the Board a copy of Lewis's memorandum, with an invitation to participate in CEAC's discussions[113]. Although the Board judged the memorandum's case for industrial development to have been 'soberly and convincingly' stated, and closer in spirit to its own optimistic interpretation of the future availability of capital for overseas investment than the Treasury's more chilling forecast, there remained some unease about the Colonial Office's position. Two particular dangers worried the Board: first that Britain might be required to devote some of its limited capital to establishing 'redundant and inefficient' plants, whose sole justification was their location in the colonies; secondly, that such enterprises might secure tariff protection, injuring Britain's exporters and impoverishing local

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112 Ibid..

113 BT 11/2441, letter to Nowell, 7 Feb 1944.

markets[114]. These doubts resurfaced during informal talks, arranged at the Board of Trade's suggestion, with representatives of the Colonial Office, held in April 1944. Specifically, the Board asked how far the Colonial Office was committed to colonial industrialisation at virtually any cost, and how quickly such development would be pursued.

It fell to Caine to provide the Office's response. His voice was becoming increasingly authoritative: in April 1944, he was promoted to Assistant Under-Secretary with direct responsibility for the Economic Division, while retaining his supervision of all CD & W planning[115]. Caine attempted to reassure the Board of Trade by describing the displacement of pre-war laissez faire attitudes on colonial industrialisation by more active conceptions of London's responsibilities. However, he thought that there was no prospect of 'substantial' industrial development in the colonies until after the war, and explained that no decisions had yet been taken on the practical implications of this new policy.

Caine's conciliatory presentation of the Office's case was also an attempt to dispel any alarmist assumptions held by the Board. For example, he explained that little had yet been achieved in planning colonial infrastructures, let alone secondary industries, and that there had been little response to the Colonial Office's request, in the previous summer, for development plans from the colonial governments[116]. This informal discussion apparently

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114 Ibid., minute by Skevington, 22 Feb 1944.

115 Petter (1980), p.80.

satisfied the Board of Trade that the Colonial Office was not, after all, 'hatching widespread plans for industrial development'. The Board was relieved that the Office's ideas on development were still apparently 'embryonic', representing no shift towards rapid development, or towards industrialisation for its own sake, as the Board had feared. The Board, however, declined Caine's invitation to participate in CEAC's deliberations on industrial policy, being content that contact had now been established with the Colonial Office, and that Caine had promised to keep the Board supplied with the relevant CEAC documents. As Nowell minuted to his Permanent Under-Secretary, Sir Percival Liesching:

> It seems to me that this is a far more satisfactory arrangement than for the Board of Trade to be represented as such on the Committee, a position which we might find highly embarrassing when decisions on policy have to be taken[117].

When CEAC's discussions on industrialisation began in earnest during spring 1944, strong views on the subject soon emerged among the Committee's members. Bourdillon drew attention to the subject's importance and controversial nature. He suspected that 'the whole of British industry' was opposed to the development of colonial manufacturing[118]. His views were undoubtedly coloured by his recent Nigerian experiences with the UAC. Bourdillon certainly believed that British industry was largely to blame for the lack of industrial development in Nigeria. In view of the past

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116 BT 11/2441, note of meeting between CO and BoT officials, 4 Apr 1944.

117 Ibid., 14 Apr 1944.

118 CO 990/16, CEAC(Industry) 3rd minutes, 17 Apr 1944.

absence of an active government policy on colonial industrialisation, and the inadequacy of local capital and expertise, the 'only hope' for such development was British finance and skill, neither of which had been attracted. Bourdillon thought that this negative response had been 'short-sighted', arguing that industrial development would increase colonial wealth and hence the capacity to import more valuable British goods. In effect, the opposition of British industry had been counter-productive, stifling the growth of what could have been a large export market[119].

One of the most controversial aspects of CEAC's discussions on industrialisation concerned the view, shared by several Committee members, that development should be concentrated in the most favourable locations, rather than be spread evenly throughout the colonies. Evan Durbin advocated this course, arguing the need to maximise on available resources. Instead of gradual social and economic development, he favoured a focussing of energy on the rapid modernisation of a single large area, such as Nigeria[120]. However, Durbin neglected the 'political' argument against selective development, which would favour one territory at the expense of others. The Colonial Office could not ignore local susceptibilities in this way. Yet it could be argued that in its concentration on West Indian development after 1942, admittedly prompted by Churchill's concern to smoothe Anglo-American relations, the Colonial Office had done precisely this. Between them, Lewis and Durbin were calling,

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119 Bourdillon (1945), pp.52-3.

120 CO 990/16, CEAC(Industry) 3rd minutes, 17 Apr 1944.

early in 1944, for large-scale, 'revolutionary' industrial development in selected territories.

This position was rejected by Caine, who defended gradual development in a large number of territories according to their potential and needs. He argued that this might produce as much development, in aggregate, as any 'concentrated' effort[121]. Durbin and Lewis, however, continued their campaign for a more radical approach. Durbin believed that industrial development was the only route by which colonies could escape poverty, and that if Britain failed to promote faster industrialisation, it would be condemning them to 'permanent economic and social darkness'[122]. He saw important practical justifications for 'concentrated' development, chiefly that Britain lacked the resources to develop the whole colonial empire simultaneously. He estimated the cost of even moderate industrial development, spread throughout the colonies, at L500 million to L600 million per annum. He feared that Britain would 'fritter away' capital on numerous projects which, in total, did not comprise a balanced development programme in any single colony[123]. Lewis, too, argued that 'concentrated' development was more likely to produce genuinely economic enterprise than attempts to spread the development effort thinly throughout the colonies, which would, he believed, promote uneconomically small industries[124].

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121 CO 990/17, CEAC(Industry)(44)5, 'Possible scope for industrialisation in the Colonies', 25 Apr 1944.

122 Ibid., CEAC(Industry)(44)7, note, 4 May 1944.

123 Ibid..

Lewis's ideas on concentrated development were clarified in a memorandum written by him and subsequently circulated to CEAC's Industry Sub-Committee. He saw the pre-war experiment with trading estates in Britain as a model for development, offering a means of achieving economies of scale in providing industrial infrastructures making otherwise unattractive projects ultimately economic. His fundamental argument was that it was inappropriate to judge development propositions on a factory by factory basis, since by this criterion, few colonial enterprises would be economic. Furthermore, concentrated development, being more efficient, could be competitive, essential if new industries were to survive. Equally, being planned, concentrated development could avoid any undesirable effects of industrialisation[125]. However, one major reason for the Colonial Office's opposition to concentrated development was the fear that it might create a standard which would raise expectations in other territories which could not be satisfied[126].

Although in other matters Bourdillon was an ally of Durbin and Lewis on CEAC, he differed from them on the desirable rate of industrial development, fearing the social consequences of rapid industrialisation[127]. Significantly, Caine, though opposed to 'revolutionary' development, was prepared to accept the disturbance of traditional social

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124 CO 990/16, CEAC(Industry) 5th minutes, 15 June 1944.

125 CO 990/17, CEAC(Industry)(46)26, memorandum by W.A. Lewis and F.E.V. Meyer, 'The Analysis of Secondary Industries', Feb 1946.

126 CO 990/16, CEAC(Industry) 5th minutes, 15 June 1944. Comment by Caine.

127 Ibid., CEAC(Industry) 3rd minutes, 17 Apr 1944.

institutions by industrial development, especially in those areas of Africa still organised tribally. However, he believed that the social impact of industrialisation could be moderated, for example through effective labour legislation[128]. From this, and from other observations by Caine, it is clear that he did not obstruct proposals for industrial development because of fears for their consequences on traditional societies. On the contrary, he was one of the most 'progressive' officials in the Colonial Office, repeatedly stating the case for modernisation in the Colonial Empire. Furthermore, Caine appears to have retained these views. Late in 1946, citing the Nigerian example, he stated that rapid development was impossible without a 'social revolution', including fundamental changes in the system of land tenure, the implication being not that the price of rapid development would be an unacceptable social revolution, but rather that major social changes were the concomitant of urgently needed economic development[129].

In its advice to local governments, the Colonial Office stressed the need to balance economic and social considerations in promoting development:

> A policy promising rapid increase in income may be unwise if it involves the sudden disintegration of an established social system; though, on the other hand, the rigid maintenance of old social habits may be unwise if they impede all economic progress[130].

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128 CO 990/17, CEAC(Industry)(44)6, 25 Apr 1944.

129 CO 852/588/3, note of meeting in CO, 29 Nov 1946.

130 CO 96/781/31475/1944, 'The Planning of Social and Economic Development in the Colonial Empire', Apr 1944.

At this stage in the debate on post-war planning, the Colonial Office could offer only this inconclusive formula. Ultimately, local governments would have to determine the acceptable degree of social disturbance. The implications of modernisation, however, remained of concern to the Office. In the Commons in July 1944, Stanley acknowledged that industrial development in West Africa would have 'a fearful impact' on traditional social organisation, and stressed the importance of adequate preparation for that change. This, he explained, was why he had established the Colonial Social Science Research Council to study the social effects of colonial industrialisation[131]. However, Stanley dismissed the suggestion by one Member of Parliament that West Africa faced an 'industrial revolution':

> I do not think that he means to conjure up the idea that as we, in the early part of the 19th century, changed from a country predominantly agricultural into one predominantly industrial, so, after the war, something of that kind will happen in West Africa. There is going to be no industrial revolution in that sense, but a considerable increase in secondary industries and in industrial work[132].

CEAC's report on manufacturing industries was eventually drafted by Caine. In it, the moderate views of the majority of the Committee, and of the Colonial Office, triumphed, and the radical suggestions on industrial concentration were omitted. The report assumed that improved colonial living standards required some development of local manufacturing, but it concluded that it would not be in the colonies' interests to foster 'artificial' and 'uneconomic'

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131 PD(C), 402, cols.462-3, 20 July 1944; CO 901/1, CSSRC 2nd minutes, 5 Sept 1944.

132 PD(C), 402, cols.462-3, 20 July 1944.

industries dependent on long-term government protection, whether by tariffs, import controls or subsidies. The report did not recommend particular industries, but favoured those based on the manufacture of goods for export from local raw materials, or goods for local consumption from either local or imported raw materials. The possibility of manufacturing goods for export from imported materials was not excluded. Caine's influence can be seen in the report's treatment of the protection issue. The Committee accepted the case for special assistance to new industries, particularly for those temporarily unable to withstand outside competition. The preferred forms of government assistance were subsidies rather than tariff protection and import controls, a view reflecting Caine's argument that subsidies distributed the burden of assistance more equitably among the population, and that competition stimulated industry and encouraged efficiency[133]. The report's rejection of artificial protection for uneconomic industries, and its advocacy of subsidies delighted the Board of Trade, where these guidelines were regarded as 'impeccable'. The only problem, in the Board's view, was that Caine's moderating influence, obvious in the report, and thought to represent the 'wisest and sanest' view, might be challenged, not only by CEAC, but also in the political arena. It could not, therefore, be assumed that Caine's opinions would remain dominant, and the Board privately reserved to itself the right to challenge any deviation by the Colonial Office towards the prolonged imposition of high tariffs[134].

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133 CO 852/578/5, CEAC(44)32, 'The Development of Manufacturing Industries', 29 Aug 1944.

CEAC recognised that industrial development would involve 'some disturbance' of established social institutions, and that it would be necessary to 'soften' the impact of social change.

> At the same time, we are convinced that a policy of opposing any kind of industrial development because of the dangers of such social stresses would be mistaken, and that, provided that due care is taken in smoothing the transition, substantial changes in the social structure must be accepted as a necessary cost of progress.

Again, the proximity to Caine's expressed views is striking. Finally, the Committee admitted its divisions over the desirable rate of industrial development. However, while alluding to the arguments over the relative benefits of 'concentrated' as opposed to evolutionary growth, the report left this question open[135].

Durbin and Lewis had, therefore, failed to have their views endorsed by CEAC. Undeterred, they camaigned for more radical policies, elaborating their ideas in a memorandum on planning prepared for CEAC's Agenda Sub-Committee, of which they were members[136]. This paper rejected the conclusions of CEAC's report. It called for the fastest practicable economic development, enabling the colonies more quickly to reach the position from which they could finance their own social development, and because self-government would require secure economic foundations. The memorandum envisaged a two-fold development strategy based on the encouragement of complementary agricultural and industrial

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134 BT 11/2441, minute by Skevington, 3 July 1944.

135 CO 852/578/5, CEAC(44)32.

136 CO 852/588/2, CEAC(44)38, Agenda Sub-Committee Third Report, 'Memorandum on Planning', 14 Sept 1944.

'revolutions': agricultural development would release labour for industry; in turn, industry would create both an expanded market for farmers and cheaper goods. Work should therefore begin by promoting agricultural change in regions selected as suitable for industrial development. Once again, CEAC's more radical members called for concentrated development. The memorandum urged the creation of a few industrial centres, rejecting the widespread development of small, isolated factories, protected behind subsidies, tariffs and so on, as the main Committee's report had suggested. The latter approach, the memorandum argued, would waste money, because it was not an economic method of creating the infrastructure necessary for development[137].

Official reactions to the Agenda Sub-Committee's memorandum were predictably cool. Caine defended CEAC's original report against the criticisms of the Committee's more radical members. He thought that the report embodied a set of 'moderate' proposals through which 'significant if unspectacular advances' were possible. Caine advocated the immediate circulation of CEAC's report, which had Stanley's general blessing, to local governments[138]. Clauson supported Caine, regarding the Agenda Sub-Committee's suggestions as 'a plea for revolution as opposed to evolution'[139]. The issues raised by Durbin and Lewis were subsequently put to Stanley in a series of questions on future policy. However, these questions, in the Colonial Office's view, involved broader and fundamental problems of political and social

137 Ibid..

138 CO 852/578/5, minute, 4 Oct 1944.

139 Ibid., minute, 4 Oct 1944.

policy, which were themselves under consideration throughout the 'planning' phase. CEAC, prompted by Durbin and Lewis, asked Stanley outright whether industrial policy would be to promote 'concentrated' development, or to grant equal facilities for the encouragement of industry in every colony[140]. Stanley replied that the development of manufacturing would probably be determined by the practical advantages enjoyed by certain areas. However, he thought that in future, as much weight should be given to developing a balanced and diversified economy in every colony as to any advantages accruing from 'concentrated' development[141]. Lewis resigned from the Secretaryship of CEAC in November 1944, accusing the Colonial Office of obstructing alternative ideas on development[142]. Durbin, equally frustrated, threatened to resign from CEAC. His proposal that Lewis be made a full member of the Committee was not, however, taken up by Stanley[143].

The Colonial Office decided to circulate a memorandum based on CEAC's report to the colonial governments. A number of amendments were made to the Committee's original recommendations, and the circular despatch was approved by Stanley on 14 December 1944[144]. The revised version explained that no attempt had been made to suggest 'rapid'

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140 Lee and Petter (1982), pp.210-11; Morgan (1980) I, pp.191-3.

141 CO 990/1, CEAC 9th minutes, 19 Dec 1944; Morgan (1980) I, pp.189-93; Lee and Petter (1982), pp.216-9.

142 CO 852/586/9, minute, 30 Nov 1944; Lee and Petter (1982), pp.212-3.

143 CO 852/586/7, letter to Stanley, 22 Dec 1944; ibid., letter to Durbin, 14 Feb 1945.

144 CO 852/578/5, minute by Caine, 15 Dec 1944.

or 'revolutionary' change, and omitted the section of CEAC's report concerning the desirable rate of development. Instead, it summarised the acceptable steps which could be taken to promote development. In an expanded section on 'Special assistance to new industries', Caine underlined the benefits of government subsidies, while playing down the possible role of tariffs and import quotas. The new version stressed the value of providing, at public expense, training and supervision, and in some cases a market for manufactures in government housing and other schemes, or to supply government institutions[145]. Similarly, Caine's earlier misgivings about protective tariffs were repeated. Again his argument was that tariffs placed the burden of support for industry on the consuming public, rather than on the whole body of taxpayers, with the result that those least able to pay paid the most, whereas the purpose of industrial development was to raise living standards. As a broad guideline, however, the despatch suggested that ad valorem duties should not exceed 33 per cent, and that if tariffs were imposed, 'impartial' tariff boards should be established to regulate them. Finally, import restrictions were discouraged, on the grounds that they impaired efficiency by reducing competition, and that consumers were left open to exploitation by monopolies or 'rings'[146]. The Board of Trade approved of the memorandum, but stressed the desirability of close liaison between colonial governments and London on proposals for industrial development, adding

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145 Ibid., minute by Caine, 25 Oct 1944.

146 CO 852/578/6, circular despatch, 'The Development of Manufacturing Industries', 27 Feb 1945.

that local governments should avoid any final decisions which might jeopardise the outcome of the continuing Anglo-American discussions on Article VII[147].

At this point it is appropriate to examine the interest shown in industrialisation by the West African governments, and the response of Whitehall and metropolitan interests. On the basis of the positive signals it had received from West Africa up to 1943, the Colonial Office believed that local administrators were anxious to experiment with industrial development. The period between 1943 and 1946 saw not only an increase in planning for post-war development and discussions on the optimum means of pursuing that development, but also witnessed several modest but significant attempts to establish manufacturing in the region. In the Gold Coast, for example, Burns' concern to provide for the resettlement and rehabilitation of demobilised troops led him to favour industrial development, including projects to manufacture bricks and tiles, soap and textiles[148]. Burns assumed that the Gold Coast's economic base would continue to be chiefly agricultural, but he believed there were various small-scale industries which could be developed to the population's benefit[149]. As in many other spheres, however, planning in West Africa was hampered by inadequate economic intelligence. In July 1944, for example, the Development Adviser, Noel Hall, confessed that he could not speak with authority on the future of

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147 BT 11/2441, minute by Willis, 19 Dec 1944; ibid., minute by Shackle, 10 Jan 1945; CO 852/578/6, letter from Helmore, 13 Jan 1945.

148 CO 554/132/33718/1/1943, letter to Stanley, 8 Oct 1943.

149 CO 96/781/31475/1944, despatch to Stanley, 26 July 1944.

local industries developed during the war, because it was difficult to establish precisely what development had occurred. He concluded, however, that West African labour productivity was very low, and that it could not be assumed that low wages meant that local labour was cheap: on the contrary, thought Hall, it was very expensive per unit of product[150]. This interpretation contrasted strongly with the view popularly held during the 1930s, especially among British manufacturers, that colonial industry would enjoy the unfair advantage of cheap, non-European labour. Hall's analysis may have encouraged the Colonial Office to promote a positive policy on manufacturing, by supplying a justification for assisting such development, but it is unclear whether Hall's views were given a wider audience, including the Board of Trade. However, Hall detected a fundamental problem in assessing the potential role of industry in West Africa, namely the predominance of subsistence economies. Consequently, he argued, local incomes could be raised significantly through a relatively small effort. There was, therefore, very little incentive for local populations to succeed in a money economy, a precondition for industrial growth[151].

The promotion of local textile manufacturing appealed strongly to both the Nigerian and the Gold Coast governments in this period. From the Gold Coast, Burns reported in July 1943 that useful experiments had begun in Avatime, Southern Togoland, to train weavers, using locally grown cotton. These trials were assisted by the West African Institute,

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150 CO 852/587/4, letter to Clauson, 1 July 1944.

151 Ibid..

and received government funds. The scheme's aim was to develop a village-based weaving industry, using hand-spun cotton. Initially, the scheme appeared successful, producing high quality cloth which found a ready local market[152]. Progress continued, and in October 1944, the Institute's Textile Officer reported that a new industry had in effect been created. Local hand-loom weavers were described as skilful, easy to train and adaptable to regular working hours. Output per worker had increased more than fourfold to seventeen yards per month, and the aim was to double this figure. It was estimated that production would reach one thousand yards per month early in 1945[153]. Consequently, Hall revised his earlier comments, concluding that improved methods had transformed African productivity. If this were sustained it could radically alter the competitiveness of local industries, and undermined previous estimates of their capacity to survive. Moreover, this change had important implications for future attempts to promote development:

> It is looking, to my mind, more and more probable that tariffs, subsidies and other economic impedimenta will very rarely be appropriate under West African conditions and that the direct nurturing of small industrial groups in order to improve both their organisation, technical methods and individual productivity will become the more representative method of handling these problems[154].

In the Colonial Office, Clauson believed that there was a 'good future' for development, under 'proper guidance', of the type in Avatime[155]. By early 1945, the textile scheme in

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152 CO 852/481/2, letter to Stanley, 31 July 1943.

153 CO 852/574/6, letter to Clauson, 12 Oct 1944.

154 Ibid..

Avatime appeared to be thriving. Forty three looms were in operation, and some three hundred spinning wheels had been distributed, about half of which were in regular use, producing cloth valued at about L100 per month[156].

If officials in West Africa and in the Colonial Office were enthusiastic about the possibilities for textile development in the region, the problem of metropolitan reactions remained. The British cotton goods industry, already declining before 1939, would inevitably be affected by the development of competitive manufacturing overseas, as the inter-war experience of India's textile development had demonstrated. Lancashire had been ravaged by wartime concentration and contraction of output for export. Its pre-war decline had been accelerated, with the closure of one third of its cotton mills and the halving of its labour force. Cotton goods exports fell from 1,393 million square yards in 1939 to reach their nadir of 374 million square yards in 1943[157]. Late in 1942, the Board of Trade's Post-War Reconstruction Section examined the industry's long-term export prospects, concluding that there was no hope of Lancashire recovering its former export trade. Although an increase in incomes in countries such as India and China would create a growing demand for cotton goods, the Board doubted that Lancashire would benefit, since both these important markets were effectively 'lost' to British manufacturers. Africa, however, was seen as a large

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155 Ibid., letter to Noel Hall, 18 Nov 1944.

156 CO 852/574/9, Burns to Stanley, 6 Feb 1945.

157 D.H. Aldcroft, The British Economy. Volume 1: The Years in Turmoil 1920-1951, (Brighton, 1986), p.180; Miller (1986), p.23.

potential market for cheap cotton goods, but not necessarily for Lancashire's products: 'Under no reasonably conceivable circumstances', felt the Board, 'can Africa offer a market to take the place of India'. Lancashire, it was argued, would be wise to concentrate its production on high grade, specialist goods for which its experience, and its skilled labour force, best equipped it[158]. A similarly bleak picture of the industry's exporting future emerged in a Board of Trade memorandum on 'Post-War Exports', submitted to the Cabinet Reconstruction Committee in June 1944. Intended to counter what was seen as a strengthening assumption of Britain's ability to achieve a major increase in its share of postwar world trade, the memorandum concluded that for traditional staple industries, such as textiles, this was unlikely unless they became more competitive, and unless overseas markets grew in prosperity owing to a liberalisation of world trade[159]. Against this depressing backdrop, the reactions of the Cotton Board to colonial textile manufacturing are of particular importance. The Board was likely to be highly sensitive to the threat of added difficulties stemming from new overseas competition. To some extent, the Cotton Board shared the Board of Trade's fatalism towards probable industrial development overseas. According to a memorandum sent to the Board of Trade and the Colonial Office, the Cotton Board was resigned to industrialisation in the Dominions. However, where the colonial empire was concerned, the Board believed that 'a

158 BT 11/2021, 'Cotton Industry. Industrial Rehabilitation and Labour Requirements'. (D.R.I.10) Oct 1942.

159 CAB 87/14, R(I)(44)5, 'Post-War Exports', 23 June 1944.

more realistic attitude was possible', since no entrenched interests yet existed. The Board accepted that colonial industrialisation would occur regardless of opinion in Britain, and accepted the argument that colonial primary over-specialisation made these economies vulnerable, although the Board suggested that the proper solution might be to reform the colonial marketing structure. However, it warned of the potential drawbacks of industrialisation, including decline of village crafts, and the unsuitability of locally-grown cotton for the kinds of textile industry apparently being considered[160]. Though concerned about overseas competition, the Cotton Board was realistic enough to recognise the likelihood of such development, which, given low local labour costs, might not require tariff protection. The Board therefore seemed to adopt a positive attitude towards colonial industrialisation, and was prepared to 'participate constructively'[161].

The Cotton Board's interest in this general question had been sharpened by a recent Board of Trade decision to permit the export of textile machinery to Kenya, on the condition that most of the machinery would be second-hand[162]. The Cotton Board sought clear guidelines for use in similar situations in the future, and called for a 'sane' policy on colonial development. Prominent in guiding the Board's discussions was its Chairman, Sir Raymond Streat, a former Secretary of the Manchester Chamber of Commerce.

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160 CO 852/482/4, 'Development of Cotton Spinning and Weaving in Empire countries', 14 Sept 1943.

161 Ibid..

162 BT 175/2, CB1418a, Cotton Board 96th meeting, 7 Sept 1943.

From July 1943 onwards Streat developed his contacts with the Colonial Office. He considered it futile to attempt to stifle colonial textile industries, but he believed the question could be handled in a realistic and constructive spirit, benefitting British interests. As he told Sir Arnold Overton of the Board of Trade:

> Any policy evolved by us which would command whole-hearted sympathy in London might be likely to receive criticism from the rank and file, who may take a narrow view, but I think myself that the times and the outlook at large necessitate the taking of a long view by Lancashire[163].

Streat sought a positive response from Lancashire, and took the initiative by approaching the Board of Trade for discussions. Uppermost in Streat's mind was the need for Lancashire to collaborate financially in colonial development, though he understood the need for tact, given Lancashire's traditional hostility to overseas competition. Overton agreed to act as an 'honest broker' between the Cotton Board and the Colonial Office[164]. Streat's attitude was more enlightened than that of his colleagues on the Cotton Board: significantly, he had approached Overton before seeking the Board's authorisation. At the Board's meeting on 28 September 1943, he warned that textile development in the Empire would proceed irrespective of Lancashire's views. However, demands for protection for colonial industries would arise, obliging the Cotton Board to protest, exposing itself to charges of opposing colonial development. But, argued Streat, if the Cotton Board

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163 BT 11/2441, letter, 15 Sept 1943; Dupree (198)7, Vol.II, pp.138-41, entry for 28 July 1943.

164 BT 11/2441, letter to Caine, 21 Sept 1943; Dupree (1987), pp.154-5, entry for 17 Sept 1943.

participated, for example by establishing an investment corporation, it could influence the course of development:

> An attempt could then be made to establish the position that only goods which could be made on an economic basis should be produced locally and that Lancashire should supply all other cotton goods. There would then be no need for a comprehensive tariff nor could Lancashire be charged with obstructing Colonial developments.

Constructive co-operation, in other words, offered a means to limit the possible erosion of Lancashire's share of the colonial market. After 'a powerful debate', Streat's colleagues empowered him to hold preliminary talks with Overton[165].

Streat's conciliatory posture was evident when he and other representatives of the Cotton Board met officials from the Colonial Office and the Board of Trade in October 1943. He spoke of the need to devise a constructive policy towards the development of colonial cotton manufacturing. Here, the Cotton Board seemed to be distancing itself from the hostility to such development it knew persisted in Lancashire. Streat believed that both Caine and Overton had been impressed with the 'realism' of the Cotton Board's stance[166]. For the Board of Trade, Overton pointed out that much overseas industrialisation, stimulated by the war, was 'inevitable'. It was in Britain's interests, he argued, to encourage sound development, and to participate in it, for the benefit of the British machinery industry. Against this background, Caine's observation that some colonial

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165 BT 175/2, CB 1468a, Cotton Board 97th meeting, 28 Sept 1943; Dupree (1987), pp.158-9, entry for 28 Sept 1943.

166 BT 175/2, CB 1550a, Cotton Board 99th meeting, 26 Oct 1943.

industrialisation was likely, necessary and desirable was largely uncontroversial. Streat went on to suggest the creation of an investment corporation, financed jointly by Lancashire and London, to participate in developments approved of by the colonial authorities. The corporation's aim would be to achieve co-ordination among the interested Lancashire firms, to avoid competition among them[167]. Here, then, was evidence of a metropolitan interest group attempting to accommodate itself to the challenge of overseas, specifically colonial, industrialisation. It remained to be seen how the Cotton Board would react when faced with concrete proposals to establish mills, as opposed to abstract discussions.

While the broad implications of colonial industrialisation were being discussed in Britain, developments in West Africa were gathering pace, focussing the attention of interested British parties more sharply on this question. The first major problem to arise in relation to West African textile development concerned local attempts to foster village textile industries. A basic difficulty was that the output of hand-spun cotton yarn did not match the demand of weavers. Noel Hall drew attention to this problem in July 1944, contrasting the improvements achieved both in quality and output on the weaving side with the low productivity of the spinning side[168]. In October 1944, it was predicted that the future of the industry depended

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167 CO 852/482/4, note of discussion between representatives of the Cotton Board, Board of Trade and Colonial Office, 14 Oct 1943. The official response to this suggestion is discussed in chapter III.

168 CO 852/587/4, letter to Clauson, 1 July 1944.

largely on an expansion in yarn supply[169]. Although hand-weaving was an economic proposition, hand-spinning offered little hope of expansion, being technically inefficient, and was unlikely to support a 'modern' industry[170]. However, as Tempany, the Colonial Office's Agricultural Adviser argued, after his tour of West Africa in 1943-44, hand-spinning had other advantages. For instance, in Northern Nigeria, it played an important role in informal economic participation by women, and, though uneconomic, produced substantial amounts of yarn[171]. Late in 1944, the Gold Coast authorities began to investigate improved methods of spinning cotton, in order to safeguard the industry's future[172]. The solution seemed to lie in powered spinning. The West African Institute agreed to provide machinery and advice, and the Gold Coast Government financed the project to the extent of L13,000. The government's ultimate aim was to transfer the scheme to a specially formed local company[173].

In Nigeria, meanwhile, external interests were examining the possibilities of textile production on a factory basis. In March 1944, the United Africa Company proposed building a textile mill in Zaria Province, with about 5,000 spindles and 200 looms, producing some two million square yards of cloth annually, and employing around 300 people. It was thought that the capacity of the mill

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169 CO 852/574/6, Hall to Clauson, 12 Oct 1944.

170 Ibid., Clauson to Noel Hall, 18 Nov 1944.

171 Shuckburgh (I), p.24; CO 852/574/6, minute by Tempany, 31 Oct 1944; ibid., minute by Caine, 3 Nov 1944.

172 CO 554/136/33685/1945, letter from Noel Hall to O.G.R. Williams, 20 Dec 1944.

173 CO 852/574/9, Burns to Stanley, 6 Feb 1945.

might eventually be increased five-fold[174]. The UAC sought the Colonial Office's help in obtaining machinery for the Zaria project. The problem was Lancashire's expected need for new textile plant to re-equip after the war, while no second-hand machinery seemed to exist which would not require extensive re-conditioning. The UAC therefore needed to be able to satisfy a potential manufacturer that official permission to export new machinery would be granted[175]. Caine approached the Board of Trade on the UAC's behalf, requesting help in securing the necessary export licence, assuming that the Board accepted the Colonial Office's view that where a good case existed, colonial textile manufacturing should not be obstructed[176]. Although sympathetic, the Board of Trade viewed the matter as 'very delicate', and promised nothing until the Cotton Board had been consulted informally[177].

The Board of Trade told the Cotton Board that it did not believe export licensing should be used to obstruct overseas orders for textile machinery, and that it would be 'extremely embarrassing' for the British Government to be accused of manipulating export controls against the kind of development being proposed by the UAC. In the Board's view, development of this sort was inevitable, but suspicions persisted in the colonies that Lancashire was able to influence the British government over the direction of

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174 BT 175/3, CB 3354a, Cotton Board 129th meeting, 19 Dec 1944.

175 CO 852/574/6, letter from A.R.I. Mellor (UAC) to Caine, 6 Sept 1944.

176 Ibid., letter to Nowell, 14 Sept 1944.

177 Ibid., letter from Caine to Mellor, 13 Oct 1944.

colonial development. Streat endorsed the Board of Trade's general policy, and promised not to obstruct the UAC proposal, though he doubted if suitable machinery would be found for export to Nigeria, and warned of protests from Lancashire[178]. As the Board of Trade told the Colonial Office, however, a means had to be found of enabling the UAC to contact the Cotton Board without the impression being given that schemes such as that for Nigeria were being subordinated to Lancashire's wishes. The Board advised the Colonial Office to inform the UAC that neither the Cotton Board nor the Board of Trade opposed textile development in principle, but that much depended on the precise methods proposed by the Company. However, the Board of Trade added that it hoped that such development would involve the 'least possible interference' with Britain's cotton export trade, 'the importance of which as an asset in our post-war economy His Majesty's Government cannot afford to underrate'[179].

The UAC's subsequent discussions with the Cotton Board were apparently amicable. Frank Samuel, Managing Director of the UAC, explained that the Company was not expecting its Nigerian scheme to be a short-term commercial success but wanted to respond positively to the colonial authorities' interest in manufacturing. If the Nigerian government rejected the scheme, the UAC, said Samuel, would not be perturbed, but if the government did favour the new policy, then the Company wanted to participate. The Cotton Board, too, promised not to obstruct such developments, or the

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178 CO 852/574/6, note of meeting between Streat and BoT officials, 26 Oct 1944.

179 Ibid., Nowell to Caine, 30 Oct 1944.

export of machinery from Britain, but it requested reports on the scheme's progress, and sought some influence on development so as to restrict the damage done to Lancashire's export trade. The Board also asked for assurances, first that the UAC would not seek tariff protection from the Nigerian government against British cotton imports; secondly that the Company would inform the Board about the project's progress, and finally, (a point made at the insistence of the Board's trade union members), that the Company would recognise any trade union organisation which existed or might develop in association with the scheme. The UAC envisaged no problems on these points, and confirmed that it expected no high tariff protection[180].

As Streat had predicted, Lancashire was unenthusiastic about these proposals. This emerged during discussions between the Colonial Office, the Cotton Board, the Board of Trade and the UAC, held in March 1945[181]. Nevertheless, it appeared that British interests understood that they could not seek the Board of Trade's intervention on their behalf with the Colonial Office to stop such development. The UAC emphasised that its Nigerian scheme was not expected to be profitable, and might incur substantial losses, at least initially. The Company described the project as the logical outcome of its commitment to the Colonial Office's industrial development policy. More important was the UAC's

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180 BT 175/3, CB 3354a, Cotton Board 129th meeting, 19 Dec 1944; CO 852/574/7, Streat to Helmore, 13 Jan 1945; Dupree (1987), pp.228-9, entry for 7 Dec 1944. Streat described his discussion with Samuel as 'an ominously historic interview'.

181 CO 852/574/7, note of meeting, 8 Mar 1945.

statement that it did not intend to seek protection for its mill against imported textiles, and that the mill would produce a plain grey cloth no longer manufactured in Britain. Caine advised that the Nigerian Government was unlikely to commit itself on protection, and would require a free hand. He explained that the Colonial Office supported the UAC's scheme, believing that Nigeria was an appropriate experimental site, and that there would have to be strong reasons for not proceeding. The Board of Trade foresaw no major difficulty in granting an export licence for the necessary textile machinery, but warned no date for the issue of a licence could be provided, because future machinery production would have to be allocated between the demands of re-equipping British industry and of overseas development. Nevertheless, the Board confirmed that the export licensing system would not be used to hinder colonial industrialisation. The outcome of this meeting was that the UAC's scheme secured the 'blessing' of the Colonial Office and the Board of Trade, and the 'acquiescence' of the Cotton Board. Accordingly, the UAC was encouraged to make a detailed investigation, liaising with the Development Adviser in Nigeria, after which it could apply for the export licence for the machinery it required[182].

The process of local consultation in Nigeria revealed obstacles to the UAC's scheme apparently unforeseen either by the Company or by the Colonial Office. The available evidence suggests a change of attitude in Nigeria towards

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182 Ibid.; on the UAC's commitment to diversification, see Sir F. Pedler, 'British planning and private enterprise in Colonial Africa', P. Duignan and L.H. Gann (eds), _Colonialism in Africa 1870-1960. Volume 4 The Economics of Colonialism_, (Cambridge, 1975), p.118.

the benefits of industrialisation, as well as on the desirability of constitutional advance, following the retirement of Bourdillon and his succession by Sir Arthur Richards[183]. An indication of the government's future reservations came in November 1944. Replying to a Treasury enquiry, Richards explained that large-scale industrialisation was not planned, although a number of projects were being considered. F.E.V. Smith, Richards' Development Adviser, saw little point in establishing factories unless their products were cheaper than similar imports. Conversely, he appreciated the possible benefits of a textile industry in Nigeria, involving perhaps one quarter of a million people in cotton growing. He concluded, 'Industrialisation for its own sake was valueless, but industrialisation with a background of development could be of great benefit'[184]. Over the next two years, the Nigerian government was to apply increasingly searching criteria in assessing proposals for manufacturing development. The government initially favoured the UAC's scheme. However, it stressed that it would not welcome an industry which competed with the peasant weaving industry it hoped to expand and develop. The government's explicit aim was to avoid unnecessary and, evidently, undesirable, urbanisation. Another factor which may have contributed to the apparent shift in the government's thinking during 1944 was metropolitan government pressure for increased supplies of colonial raw cotton. Local consumption by the weaving

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183 See, e.g., Pearce (1982), pp.84, 137-8, 179-80.

184 CO 583/271/30572/1944, note of discussion with Treasury on present and post-war development plans for Nigeria, 9 Nov 1944.

industry had depleted Nigeria's cotton exports in 1943. Local officials concluded that if Nigeria were to export more cotton, the local population had to be encouraged to buy imported cotton cloth, not locally made goods. The Acting Director of Agriculture believed that increased raw cotton exports depended upon cutting local industry's consumption which suggests that this sector of the Nigerian economy had expanded during the war[185].

The Nigerian Government's own plans for developing a peasant textile industry were outlined in April 1945. A five year programme, costing over L90,000, was envisaged, and was expected to employ large numbers of workers both directly and indirectly. Despite the 'primitive' and uneconomical methods which would be used, the government hoped that with proper supervision, major improvements in peasant production were possible. The decision to foster 'cottage' industry was partly influenced by the opportunity it offered to give profitable spare-time employment to women, and full-time work to peasants at times when agricultural work was less demanding, thereby safeguarding their cash incomes. More fundamental, however, was the government's wish to avoid 'the embarrassments of undue centralisation' in the scheme, retarding urbanisation and hence stemming the decline of the villages. Eight 'territorial centres' were to be created, which would conduct surveys and research into improved methods, and provide training [186].

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185 Hinds (1985), pp.112-16.

186 CO 852/574/7, CDWAC No.577, 'Nigeria: Development of the Peasant Textile Industry in Nigeria', 25 July 1944; CO 583/ 288/30572/1948, 'A Ten-Year Plan of Development and Welfare for Nigeria, 1946', 30 Jan 1946.

Nigeria's village textile industry, like the Gold Coast's, soon faced the problem that yarn production did not satisfy the demand of local weavers, creating bottlenecks at the weaving stage. A possible solution was to encourage the UAC to produce yarn at its proposed mill[187]. During spring 1945, the tone of the Nigerian Government's statements on the UAC proposal became noticeably cooler. Smith told the Colonial Office that it was of the 'utmost importance' that the Company's scheme should not compete in any way with the local peasant industry, and that if the UAC wanted a mill in Nigeria, they would have to co-operate with the government by producing yarn for the village industry[188]. Records of discussions held in June 1945 in London suggest that the Nigerian Government's purpose in establishing a village-based industry was to prevent a population 'exodus' to the towns, which factory development might encourage. But, because hand-spinning threatened to prevent the rapid expansion of the village weaving industry, the government would countenance a factory producing yarn in sufficient quantities. This strategy was also attractive because it would obviate purchases of expensive imported yarn price from African merchants[189]. The Colonial Office sympathised with Nigeria's plans, and agreed to support them[190]. In August 1945, London approved a free grant of L53,450 towards the scheme under the CD & W Act[191].

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187 CO 852/574/7, F.E.V. Smith to Samuel (UAC), 21 Mar 1945.

188 Ibid., letter to Creasy, 16 Apr 1945.

189 Ibid., note of meeting in CO, 7 June 1945.

190 Ibid..

191 Ibid., telegram to OAG, Nigeria, 3 Aug 1945.

Meanwhile, the Gold Coast government had been investigating the prospects for local industrial development. In May 1945, the Industrial Development Sub-Committee of the Government's Economic Development Committee presented its report, 'the result of a purely preliminary examination'[192]. Its findings were not encouraging. Its basic assumption was that after the war, the Gold Coast's role would be as a market for overseas manufacturers. Therefore while it was 'desirable on some grounds' to broaden the Gold Coast economy by introducing manufacturing, the report rejected industrial production geared towards an export market (except, perhaps, the manufacture of high quality furniture), and considered that it would be 'dangerous' to promote industries catering for the local market in competition with imported goods. The report gave no justification for these conclusions. Generally, the report argued, there was more scope for government assistance to village industries and crafts, than to factory production. Even here, the prospects for developing the wartime experiments in import substitution appeared bleak. The Sub-Committee thought it unlikely, for example, that good, locally-made bricks could 'ever' compete in cost with other building materials, nor were there grounds for government assistance to the local production of tiles for commercial use. Similarly, although the Gold Coast now produced about half its pre-war imports of soap, a development spurred by the 50%-75% increase in the price of imported soap, the report saw little room in this field for

192 CO 852/587/9, enclosure 1 to CEAC(Ind.)(45)21, May 1945.

government activity[193]. On textile manufacturing, the report was equally resolute: 'There can be no question of establishing textile factories in the Gold Coast, but there are possibilities of developing weaving as a village industry', an interest derived from experience of the Avatime project in Togoland. This experiment, conducted jointly by the Gold Coast government and the West African Institute, was expected to overcome the bottleneck in yarn supply by establishing powered spinning[194].

By July 1945, however, there seemed little prospect of the textile machinery needed by West Africa becoming available before the end of 1946. A further complication was that Nigeria's textile development scheme depended upon the appointment of a 'European' textile expert. Problems emerged when the West African Institute's Textile Officer applied for the vacant post in Nigeria. As the Colonial Office noted, it had to be decided whether his expertise was more important to Nigeria or to the Gold Coast, where progress was going to be impeded by delays in securing textile machinery. In contrast, officials believed that considerable progress with the Nigerian scheme was possible even without imported British machinery. Noel Hall felt that it would not be consistent with recent decisions on the Institute's future role for it to undertake commercial development arising from its research work. The Institute agreed to release its Textile Officer, on the assumption that the Gold Coast's own plans for textile development would not thereby be compromised, and Stanley accordingly approved the

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193 Ibid..

194 CO 852/574/9, despatch from Burns, 6 Feb 1945.

transfer[195]. This incident, minor in itself, demonstrates that the shortage of skilled personnel, much discussed during the war, remained a major limiting factor on progress with development.

Shortly after this episode, however, disquieting reports emerged from the Gold Coast. Concern at the declining quality of cloth produced in Avatime, and fears that existing stocks of cloth were unfit for the local market, convinced local administrators that the project required both 'competent commercial management' and proper technical supervision. Indeed, it subsequently became necessary for the government to intervene by purchasing the Avatime cloth from its peasant producers and reselling it[196]. In this light, the Gold Coast Government saw the expected delay in securing spinning machinery from Britain as an opportunity to reconsider the entire Avatime scheme[197].

Similarly, early in 1946, there were fresh indications that the Nigerian government was reconsidering the benefits of expatriate-run textile projects. Besides the UAC's proposal, another scheme was now under consideration, a plan by Haighton's Ltd., a Lancashire cotton-spinning firm, to build a textile mill. In January 1946, the Nigerian government told the UAC that if the latter's textile scheme threatened cotton goods imports into Nigeria, then the government would consider levying an excise duty on locally-

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195 CO 852/574/7, despatch to OAG, Gold Coast, 6 July 1945.

196 CO 852/574/9, despatch to Stanley, 22 July 1945; ibid., saving to Hall, 27 Aug 1945.

197 CO 852/574/9, despatch to Stanley, 22 July 1945.

produced cotton cloth, in order to compensate for lost revenue from import duties[198]. Richards told George Hall that both the UAC's and Haighton's projects required careful examination, since Nigeria possessed no legislation to control or licence industrial development[199]. Referring to Haighton's scheme, Richards offered detailed objections to factory development. He pointed to the problems of providing adequate housing and food were urban industry to develop. He objected especially to factory growth in Lagos, whose existing housing and social problems he believed would be aggravated. Richards doubted that textile factories would create much employment, rejecting this as an argument in their favour. He feared not only that textile mills would compete with the nascent peasant industry favoured by the government, but also that the territory's import revenue from cotton goods would suffer. The one point which Richards was willing to concede was that factory spinning of cotton yarn would supply village weavers with raw material[200].

The Nigerian government's response to Haighton's project provoked varied reactions in the Colonial Office. In one official's words, the objections listed by Richards constituted a report 'so luke-warm as to amount virtually to rejection'[201]. Rosa considered that 'small beginnings', if properly regulated, would help smoothe the transition from an agricultural to a mixed economy. He dismissed Richards'

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198 CO 852/574/10, F.E.V. Smith to A.G. Dawson (UAC, Lagos), 11 Jan 1946.

199 Ibid., saving, 11 Jan 1946.

200 Ibid..

201 Ibid., minute by Rosa, 26 Jan 1946.

fears that factory industry would compete with village industry, arguing that if conditions in the villages were basically sound, factory development would not necessarily lead to migration to the towns. Similarly, he thought that Richards' fears about falling Government revenue were unconvincing, since this was likely to be only a 'transitional' problem: moreover, the goal of industrial development was to raise living standards, which would increase Nigeria's taxable capacity. More serious, however, in Rosa's view, was the apparently anti-industrial outlook implicit in Richards' despatch. He believed it necessary to decide whether industrial development was desirable, in which case some urbanisation had to be accepted, and an effort made to attract reputable and qualified industrialists to undertake development in the colonial empire[202].

These comments were supported by Rosa's colleague, Monson, who thought the Nigerian government's aim seemed to be 'the creation of a rustic economy whose passing in this country is lamented over by writers like G.K. Chesterton'. Like Rosa, he thought that village industry was compatible with factory development. One problem, he thought, was official ignorance of village conditions. He agreed that factories would have to be sited properly and operate under acceptable conditions. If circumstances in Nigeria were as difficult as Richards suggested, then an industrial licensing system should be introduced[203].

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202 Ibid..

203 Ibid., minute, 31 Jan 1946.

Caine regarded Richards' arguments as a vindication of his own warnings of the risks of allowing colonial governments to control industrial development. He believed that they would be more adept at preventing than at encouraging development. Caine agreed with his colleagues that the Nigerian Government's attitude was obstructive and threatened the whole policy of factory-based industrial development, but, precisely for this reason, he believed that the Government should not be equipped with a licensing system empowering it to control development[204]. Caine also criticised the Nigerian administration's preference for hand-weaving, arguing that this disregarded the economics of production, and the question of benefits to the consumer. However, he detected a more serious underlying problem, with potentially embarrassing repercussions for perceptions of Government policy:

> It has been a common place of criticism of Colonial policy in the past that both the home Government and Colonial Governments have prevented the development of manufacturing industries in the Colonies. I have always strenuously denied such a policy and know of no substantial evidence for it in the past. If however the attitude of the Nigerian Government is maintained, it will be impossible any longer to deny that the Government is pursuing a policy directly adverse to industrial development[205].

If, for social reasons, it were felt necessary to protect Nigeria from the 'evils' of industrialisation, then, thought Caine, this should be stated frankly, and not concealed behind an impossibly selective attitude to such development.

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204 The protracted discussions on industrial licensing are dealt with in Chapter III.

205 CO 852/574/10, minute, 6 Feb 1946.

He elaborated his views for.cefully, advocating a liberal economic framework for colonial modernisation:

> Personally, I think it is both economically and socially wrong and politically impossible to prevent a considerable degree of industrial development in a Colony of the size and resources of Nigeria and I think that a policy of the kind now indicated by the Nigerian Government can lead only to the arbitrary building up of special privileges as they select one firm rather than another, e.g. the U.A.C. rather than the firm under consideration here, as eligible for permission to try their hand at industrialisation; to the preservation of inefficiency and uneconomic techniques merely because they are traditional; and to a permanent retardation in the making available to the consumer in Nigeria of increased quantities of goods at lower prices, in other words, the raising of the standard of living.

Caine concluded that the Colonial Office should tell Richards plainly that his policy was unacceptable[206].

However, the Nigerian government's misgivings about the Haighton's scheme deepened when discussions revealed that the Company was not planning to use local raw materials, but hoped to manufacture cotton piece goods more cheaply in Nigeria, using imported British or Egyptian yarn, than it could do in Britain. The resulting product could then be exported, for example to South Africa. This proposition was quite unacceptable to the Nigerian Government, which felt that Nigeria would gain only an unwelcome stimulus to urbanisation[207].

Meanwhile, the UAC had been both surprised and disturbed by the Nigerian Government's threat of an excise duty on locally-produced cloth, and immediately suspended its project for a mill at Onitsha, a site selected in

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206 Ibid..

207 Ibid., F.E.V. Smith to O.G.R. Williams, 20 Feb 1946.

preference to the Company's original choice of Zaria. The Company admitted that local production would affect cloth imports, but saw its scheme as a long-term operation, accepting that it might take several years for production costs to match the price of imported material. Furthermore, although the UAC had not considered asking for protection as such for local development, it saw a safety margin in the existing revenue duties[208]. The Company's Managing Director, Samuel, believed that the Nigerian government's thinking was muddled:

> Surely the purpose of the establishment of industry is the raising of the economic level and wealth of the country, thus enabling the people to consume larger quantities of other types of imported goods which will yield their normal import revenue, and greater quantities of heavy duty and excise goods such as cigarettes, beer etc.

No firm, he thought, would invest in a textile industry in Nigeria with the prospect of an excise duty being imposed immediately after its factory started production[209].

The Nigerian government elaborated its thinking in a letter to the UAC of February 1946. The government denied being opposed to industrial development as such, but explained its anxiety to consider proposals for manufacturing in relation to their long-term value to the territory. Because each proposal would have to be judged on its merits, the government was unwilling to issue any general endorsement of industrialisation. Specifically, the government doubted that the UAC's scheme would benefit Nigeria generally, seeing, for instance, no evidence that

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208 Ibid., Samuel (UAC) to Dawson (UAC, Lagos), 21 Jan 1946.

209 Ibid..

the proposed mill would generate greater demand for local cotton at an increased price (an issue not previously raised by the government). While the scheme would, admittedly, benefit perhaps 2,000 workers, the consequent increase in the government's responsibilities, stemming from urban growth, might, on balance, make the development a liability. Furthermore, unless the UAC could demonstrate that it could produce goods locally which were 'substantially' cheaper than imported goods, the government was unwilling to forgo the average one million pounds per annum which it derived from import duties on cotton goods[210].

In March 1946, Trenchard, Chairman of UAC, wrote to Richards, querying the government's decision to raise the excise duty question at so late a stage, together with fundamental doubts about the entire scheme[211]. Richards' reply was conciliatory, assuring Trenchard that the Nigerian government was anxious to examine manufacturing possibilities, and welcomed the UAC's help. He suggested further discussions between the Colonial Office and the Company[212]. The UAC's disenchantment by this stage was understandable. The Company had assumed that the Nigerian government favoured a measure of industrialisation, especially the development of a textile industry which would meet publicly expressed criteria, since it involved a local raw material, would find an adequate local market and required no specific protection[213]. The UAC felt that it had

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210 Ibid., Smith to Dawson, 20 Feb 1946.

211 Ibid., letter, 28 Mar 1946.

212 Ibid., letter, 13 Apr 1946.

213 Ibid., Samuel to Dawson, 29 Mar 1946.

been unjustly criticised in the past for opposing industrialisation in order to protect its own trading interests, citing in its defence the rejection of its pre-war industrial proposals. It repeated that it had pursued its textile scheme in order to demonstrate its willingness to place its resources at Nigeria's disposal, even though the project had little attraction commercially[214].

The Nigerian government's stance evoked unusual sympathy for the UAC within the Colonial Office, where Lagos' arguments against the Company's scheme were considered even weaker than those used aginst the Haighton's project, especially since the former intended to use locally grown cotton[215]. Prompted by the difficulties raised by these textile schemes, George Hall wrote to Richards saying that he shared Richards' concern to avoid the problems resulting from uncontrolled industrial development.

> On the other hand, it seems to me that it is possible for a government to be a little too cautious in its attitude towards proposals for new industrial development and by setting its requirements too high to run the risk that no development will take place at all.

Hall sought Richards' confirmation that it was not his policy to discourage factory-based development, adding:

> ...there is no doubt in my mind that industrial development in itself offers one of the most promising means we can have of raising the general level of prosperity of the people in a country like Nigeria.

Echoing the advice given in Stanley's February 1945 circular despatch on manufacturing, Hall dismissed the suggestion that a textile mill in Nigeria would be desirable <u>only</u> if it

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214 Ibid..

215 Ibid., minutes by Rosa and Monson, 6 Mar 1946.

used local raw materials, arguing that if the promoters believed they could operate profitably with imported materials, they should not be obstructed[216].

Richards' response drew on a seemingly limitless supply of counter-arguments. The Governor assured Hall that he did not aim to obstruct factory development, 'provided it does not compete with peasant industry'[217]. Apparently for the first time, Richards complained that industrial development would compete with agriculture for labour. Further, because agricultural living standards were low, industry would be able to obtain labour cheaply, which might encourage accusations that the government was assisting the British capitalist to exploit African labour. This, claimed Richards, accounted for his reservations about industries based on imported raw materials. To be profitable, he believed, these would have to keep wage costs low. Richards may, too, have had one eye on the growth of trade unions in Nigeria, a process greatly accelerated by the war, and, specifically, on recent experience of the general strike called by the Railway Workers' Union in 1945[218]. Richards concluded with an even more fundamental and immediate problem: the inability of his Secretariat yet to produce a well-considered policy on industrialisation, given that the Director of Commerce and Industries, whose function this would be, had only recently been appointed[219].

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216 Ibid., letter, 12 Apr 1946.

217 Ibid., letter, 28 May 1946.

218 Ekundare (1973), p.367.

219 CO 852/574/10, letter, 28 May 1946.

The Colonial Office and representatives of the Nigerian government discussed the broad problem of industrialisation in London between May and July 1946. It became obvious that Nigerian officials feared the social consequences of industrial development. The Development Adviser, F.E.V. Smith, denied being opposed to 'rational' development, citing his government's approval of the UAC's plywood-producing scheme at Sapele, a project first mooted by the Company early in 1943[220]. The essential difference between this and other industrial projects, he argued, was that in the case of Sapele, if the venture failed, the workers could resume their previous way of life with minimal disruption, whereas a major <u>urban</u> development which failed would create serious housing and unemployment problems for the Government. Caine considered such arguments irrelevent. He did not dispute the need to control the location of industry and working conditions: the key question was whether the Nigerian government, unlike the Colonial Office, opposed factory development[221].

The record of these official discussions is, unfortunately, incomplete. However, the Nigerian government's counter-arguments to textile factory development continued to be inconsistent. In July 1946, Smith questioned the sincerity of the UAC's interest in textile development, arguing that its proposed mill, whose production could cost Nigeria about L100,000 per annum in lost revenue, would not become profitable for 'at least' ten

220 CO 852/377/3, letter from F.Samuel to Creasy, 21 Jan 1943; ibid., letter from Acting Chief Secretary, Lagos, to Samuel, 17 May 1943.

221 CO 852/574/10, record of meeting in CO, 30 May 1946.

years. Nevertheless, he added that such development would encourage an influx into Nigeria of British firms and immigrant entrepreneurs, both Indian and 'Syrian'[222]. Here, possibly, we are closer to the government's overriding concerns, particularly the need to avoid political friction at a time of major constitutional, as well as economic and social, change. Further insights into the government's anxieties emerged in its response to a report on West African conditions by Raymond Firth, Secretary of the Colonial Social Science Research Council, who toured the region between July and October 1945. Firth noted the rapid postwar increase in urbanisation in West Africa, especially in the coastal towns. The resulting problems included severe overcrowding, high rents, unemployment, the disruption of families and juvenile delinquency[223]. Richards agreed that a study of labour migration and its effects was necessary.

> There is at present a serious drift of population from the countryside to the towns. In order to solve this problem it is essential that we should know more about the type of worker migrating and his precise reasons for so doing[224].

Richards, consistently opposed to constitutional reform, feared an influx of Ibos into the larger commercial and administrative centres of the Northern Provinces (where the UAC's mill was to be built), which he thought of 'considerable' political importance.

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222 Ibid., note of meeting in CO, 15 July 1946.

223 CO 901/2, CSSRC(45)50, 'Social Science Research in West Africa', 23 Nov 1945.

224 CO 927/66/1, despatch Hall, 24 July 1946. [This interest in a study of West African labour migration was shared by the Gold Coast government, see despatch from Gurney, (Gold Coast) to Hall, 10 Sept 1946].

> The incursion is by no means universally welcomed by the inhabitants of the areas invaded and is liable to exert an adverse effect upon the existing Native Court structure[225].

Resistance such as this convinced the Colonial Office, by late 1945, that the centre needed to exert greater influence in promoting development. In his circular despatch of November 1945, Hall told local governments that he was considering the need for stronger machinery in the Office to handle development plans quickly and effectively. Subsequent discussions in the Office produced the suggestion for a Colonial Economic Development Council to replace CEAC, and renewed pressure from Caine for new executive machinery in London capable of initiating development. In turn, it was recognised that if the Colonial Office were to play a more active role in directing development, taking responsibility rather than passively considering plans submitted by the colonial governments, its own organisation would have to be reinforced. Hall proposed a small, 'high-powered' committee, with business representatives, to supervise the work of the existing committees and ensure action on their reports. Hall's Parliamentary Under-Secretary, Arthur Creech Jones, believed the key problem was the need to establish guiding principles on the fundamentals of economic policy, including industrialisation. Hitherto, he felt, the Colonial Office had allowed external interests to take the initiative: instead, the Office should itself have positive policies[226].

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225 Ibid..

226 CO 852/591/7, minutes by J.B. Williams, 23 Nov 1945 and 14 Dec 1945.

The CEDC's creation was announced in June 1946. Its function was to advise on the framing and review of development plans and on general questions of economic and financial policy[227]. The Council discussed industrial development in December 1946. It concluded that the response by local governments to Stanley's despatch had been 'disappointing', suggesting a degree of inertia, even of opposition, where this subject was concerned, although the creation of Departments of Commerce and Industry by some governments, including the Gold Coast's and Nigeria's, was seen as a 'promising' indication of local initiative. Although the Council did not recommend appropriate kinds of industry for the colonies, it stressed the importance of selecting industries using local raw materials, and requiring a minimum of skilled, and a maximum of unskilled, labour. The Council also thought that outside expertise should be replaced by local talent as soon as possible[228].

The evidence suggests that by 1946, the Colonial Office had become much less squeamish about the possible impact of economic development of African societies the West African governments appeared. Caine in particular seized the opportunity to advocate a more dynamic, modernising approach to development. Existing African patterns of social organisation were, he believed, an obstacle to economic change, stifling the emergence of local enterprise. Once again, he distanced himself from previous policies of

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227 CO 852/586/8, CEAC 16th minutes, 24 June 1946; CO 999/1, CEDC 1st minutes, 7 Oct 1946.

228 CO 999/1, CEDC 7th minutes, 16 Dec 1946.

minimising social change in the wider interests of stability. This was mistaken since change was unavoidable:

> I do not pretend to any great knowledge, but I have a strong impression that many social evils of urbanisation are developing in Africa because of an unwillingness to admit that the urbanised, de-tribalised native has come to stay, and must be properly provided for.

This was demonstrated, he thought, by the divergence in thinking on industrialisation between the Colonial Office and the government of Nigeria. Moreover, Caine recalled the episode when Lewis, as Secretary to CEAC, had proposed 'revolutionary' change in the agricultural and industrial sectors, and the questions thus raised about the compatibility of rapid economic change with broader political and social policies. In Caine's view, it was time to reconsider the negative response which the Colonial Office had given to pleas for 'revolutionary' economic development[229]. Andrew Cohen was in complete sympathy with this view. He, too, was convinced that 'native' institutions had to be adapted to social and economic change. The emphasis of future policy would have to shift from tradition to efficiency[230]. More generally, the Development Adviser, Stockdale, commented that colonial policy had reached the 'parting of the ways' in Africa, with an urgent need for a clear policy for the future[231]. These sentiments were also endorsed by Gater, who agreed with Caine's suggestion that the answers given by Stanley in response to CEAC's questions on future development late in 1944 should now be reassessed:

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229 CO 852/1003/3, minute, 23 Apr 1946.

230 Ibid., minute, 6 May 1946.

231 Ibid., minute, 21 May 1946.

'Since 1944 a great deal has happened and it is becoming clear that we shall have to face more revolutionary methods if we are to achieve success in raising the standard of living in Colonial Territories'[232]. Stockdale, Cohen and Caine met to discuss this review of development policy in July 1946. They agreed that the most pressing problem was to encourage local governments to consider for themselves such basic questions as the value of 'concentrated' development. Officials in London believed that local governments would be helped if they knew that the Colonial Secretary was prepared to listen to radical ideas on these subjects.

As demonstrated by its stance over Nigerian development, the Colonial Office remained committed to its policy on industrialisation. Encouraging the Office were fresh indications that industrialisation in the under-developed world was accepted by key government departments in a more liberal spirit than before the war. In May 1946, for example, the Board of Trade told the Cabinet Committee on External Economic Policy and Overseas Trade that such development need not ultimately be harmful to British industry as a whole, although it might threaten certain sectors. Overseas industrialisation offered opportunities to some British exporters: 'It must be remembered that if we were to refuse to export capital goods in such instances, our competitors among the industrial nations might step in and secure the orders'[233]. The Board's attitude was a pragmatic response to inevitable overseas industrialisation.

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232 Ibid., minute, 29 May 1946.

233 CAB 134/165, E(46)30, 'Capital Goods Export Policy', 22 May 1946.

However, the Board continued to oppose the promotion of new, 'uneconomic' industries in thinly populated regions of the world, and urged the rest of Whitehall to take the same line[234].

A more sober, if equally fatalistic, conclusion was drawn by the Cabinet Office Economic Section Committee in June 1946. Surveying the overseas economic situation, the Section warned that the combined effects of industrialisation and population growth in the primary-producing countries might reverse the pre-war trend for primary products to be cheaper than manufactures. The immediate, post-war 'hunger' for manufactured goods was judged temporary, though currently there was enough demand to absorb most of the exports which Britain could produce. Overseas industrialisation, however, was considered a more permanent problem. On the one hand, this promised to increase the demand for capital goods, raw materials and fuel from all sources. On the other hand, the demand for consumer goods, especially textiles, was threatened by local import substitution, though the <u>total</u> demand for manufactures seemed likely to expand. The growth of incomes and demand resulting from industrialisation was most likely to offset the harmful aspects of overseas development, by increasing total imports of manufactures, in countries with the lowest incomes, for example in Latin America and India. However, the net effect of overseas industrialisation would damage Britain's export trade. It would, at least, involve a sectoral change in the composition of British exports away from cheaper textiles and hardware towards engineering and

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234 Ibid..

electrical products. The Economic Section drew some solace from the hope that this would assist Britain's balance of payments, because it involved a move away from the production of goods containing a high proportion by value of imported materials, and towards producing goods which owed much of their value to the skill of British labour[235].

The Colonial Office, for its part, continued to seek evidence of interest in industrialisation among colonial governments, despite the hitherto disappointing responses from West Africa. Between February 1945, when Stanley's circular despatch on manufacturing was issued and the end of 1946, the West African governments gave little indication that they regarded industrialisation as a developmental priority. The Nigerian government appears not to have responded directly to the despatch, but its attitudes towards industrial development subsequently became clear during the extensive discussions between Lagos and London on cotton textile manufacturing. The response from the Gold Coast Government was hardly encouraging. The overall conclusion of the Government's Economic Development Committee, established in 1944, was that few goods could be manufactured economically in the territory[236].

London's growing dissatisfaction with the abilities of local governments can be seen in the Office's reaction to the draft ten year development plan submitted by the Gold Coast Government early in 1946. The plan was felt to be

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235 CAB 132/3, LP(46)149, 'Survey of the Overseas Economic Situation as it affects the United Kingdom', 17 June 1946.

236 Shuckburgh (I), p.300; CO 852/587/9, enclosure 1 to CEAC(Ind.)(45)21, Report of Industrial Development Sub-Committee, Gold Coast, May 1945.

biased too heavily towards welfare provision, neglecting the territory's overall development needs. In particular, little mention was made of industrial expansion. As one official commented:

> In a colony whose economy relies so largely upon one agricultural crop and on expendable mineral assets, it is essential that larger provision be made - with C.D.+W. assistance - for establishing and building up new and reliable sources of general revenue.

The plan's 'less urgent' components should, it was felt, be adjusted, so as to permit greater attention to industrial and general economic growth[237].

During the review of development policy in 1946, however, it became clear that industrial development was, for the Colonial Office, an important, but increasingly relegated aspect of development as a whole. As the Office's report covering the years 1939 to 1947 put it, the main emphasis in development planning was necessarily on improving agriculture and communications, although 'due regard' was being paid to the promotion of new economic activity, including industry[238]. According to the report, agriculture was by far the most important activity in the colonies, and would continue to be their main source of wealth[239].

In the official scale of development priorities, agricultural development was underscored by two, major considerations: the immediate postwar world food shortage,

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237 CO 96/806/2/31596/1946-47, 'A memorandum on the Gold Coast Ten Year Plan', (n.d., unattributed).

238 Cmd.7167, The Colonial Empire 1939-1947, July 1947, PP (1946-47), X, paras. 108-14.

239 Ibid., paras. 318, 323-4, 348.

and, more persistent, the scarcity of goods, both consumer and capital, for export to the colonies. Metropolitan concern over the post-war world food shortage was especially acute by early 1946, leading Attlee to create a special Cabinet Committee to monitor world food supplies in February 1946[240]. The most spectacular, and infamous, consequence of London's anxiety to promote food production was the ill-fated East African Groundnut Scheme, launched in November 1946. Smaller scale projects were also begun to investigate West Africa's potential for groundnut production, aimed at improving the supply of fats. Despite this activity up to the end of 1946, the British Government's concern to stimulate colonial food production was not yet associated with any grand strategy to utilise colonial resources in order to reduce Britain's balance of payments problems[241].

In August 1946, Caine produced a draft circular despatch on agricultural productivity in Africa. Once again, the convergence in the thinking of Caine and Cohen is apparent. Cohen described the draft as one of the most 'encouraging' documents he had seen for a long time. Although he recognised that industrialisation was an important issue in African economic development, he considered it of secondary importance to the need to improve agriculture. He therefore saw no advantage in asking colonial governments to examine the distinct problems posed by industrial development at the same time as addressing the question of agricultural re-organisation[242]. Caine's

240 Morgan (1980) II, pp.177-80.

241 Hinds (1987), pp.151-2; Cmd.7167, The Colonial Empire 1939-1947, July 1947, PP(1946-47) X, para. 324.

242 CO 852/1003/3, minute, 24 Sept 1946.

memorandum was eventually despatched to the African Governments in February 1947. It stressed the

> vital importance of revolutionary changes in production, particularly agricultural production ... without such changes we shall not succeed in raising rapidly the standards of living of Africans[243].

Parallel to this growing metropolitan interest in promoting colonial primary production, a tendency not fully revealed until 1947, was the continuing problem of supplying the colonies with the imports they required for postwar reconstruction and development. The difficulty in supplying West Africa with consumer goods had been the basic motive for exploring the possibilities of limited industrialisation early in the war. But as peace drew near, it became apparent that these supply problems would continue. In December 1944, Stanley publicly admitted the shortage of textiles, especially cotton goods, in the colonies. Claiming that the colonies were receiving their fair share of available British supplies, Stanley conceded that the question of meeting future colonial demand was causing concern[244]. By early 1945, officials in London realised that the supply position was unlikely to improve in the foreseeable future, and that colonial governments needed guidance on this question[245]. The Colonial Office had been counting on an extended 'twilight' period before the collapse of Japan, to ease the transition in Britain from wartime to normal production, while the war itself had provided a convenient

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243 Ibid., despatch to African Governments, 'Agricultural Productivity in Africa', 22 Feb 1947.

244 PD(C), 406, col.1351, 14 Dec 1944.

245 CO 852/558/8, minute by Caine, 28 Mar 1945; ibid., minutes by Gater and Stanley, 3 Apr 1945.

excuse for continuing difficulties in supplying colonial needs for imports[246].

Stanley warned local governments in April 1945 that the supply position would not improve as soon as the war ended: rather it might worsen in the first year of peace, because of continuing shipping shortages. He added:

> One of the most striking things which emerges from any review of the situation is that the position is likely to be most acute with regard to supply of goods of most interest to the mass of colonial populations, i.e. wage labourers and small peasant producers[247].

The immediate concern was that the shortage of consumer goods would have inflationary effects in the colonies, a major preoccupation throughout the war. This would oblige local governments to dissipate any 'false' optimism, and to emphasise to their populations that further stringencies lay ahead[248].

The Colonial Office was anxious to warn the Cabinet that the colonies could not endure further reductions in supplies, given the already critical position, and that any cuts should be borne by the more 'sophisticated and literate Dominions'[249]. The Office stressed the 'disastrous effect' which the deteriorating supply of goods might have. Cotton textiles were identified as the most important item in short supply. A cut in supplies, it was argued, might affect colonial primary production and encourage political discontent, which might in turn be aggravated by the

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246 Ibid., minute by Clauson, 7 Apr 1945.

247 Ibid., circular telegram, 21 Apr 1945.

248 Ibid..

249 Ibid., minutes by Bentham, 4 May 1945 and Rosa, 5 May 1945.

demobilisation of colonial troops. Stanley was supported by the Minister of Food, eager to maintain and increase colonial food production[250].

In July, Stanley told the Cabinet Home Affairs Committee that the shortage of consumer goods in the colonies, particularly of textiles, was even worse than in Britain. Once again, he warned that the production of foodstuffs in the colonies would suffer unless more goods were made available. Inflation was already producing political unrest in parts of Africa, threatening lasting damage. He concluded by asking his colleagues to bear colonial needs in mind before acting to ease domestic shortages. Neither the President of the Board of Trade nor the Minister of Production foresaw any improvement in textiles supplies to the colonies 'for many months' to come, although they thought that other types of goods, especially semi-luxuries, might be made available[251]. However, when the Colonial Office subsequently unveiled details of the new Colonial Development and Welfare Act, it was optimistically suggested that the increase in development funding which it provided coincided with a period when greater availability of materials and personnel could be expected[252]. In practice, such optimism proved ill-founded. A year later, the Board of Trade called for cuts in textile supplies to

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250 CAB 71/20, LP(45)100, 'Prospective General Supply Difficulties in the Colonial Empire', 10 May 1945; ibid., LP(45)105, memorandum by Minister of Food, 15 May 1945.

251 CO 852/558/8, Cabinet Home Affairs Committee 2nd meeting, 20 July 1945, 'Supply difficulties in the Empire'.

252 Cmd.6713, Colonial Development and Welfare. Despatch dated 12th November, 1945 from the Secretary of State for the Colonies to Colonial Governments, PP(1945-46), xix, 35.

the colonies. This alarmed the Colonial Office, which challenged the Board's priorities. As Clauson put it:

> The future prospects of Lancashire's export trade are of course an important matter for this country, but not as important as our political prestige in the Colonial Empire + the food supplies of this country[253].

The consumer goods position in West Africa became critically important as the post-war world food shortage impinged upon Britain. As during the war, it was recognised at a high level that such goods were vital in order to maintain colonial productivity. In February 1946, Attlee personally directed that a special effort be made to meet West Africa's requirements, especially of textiles. The Board of Trade, however, opposed the direction of consumer goods to food-producing areas[254].

What is striking about the persistence of colonial supply difficulties up to late 1946 is that the Colonial Office does not seem to have regarded these as a pretext for encouraging import-substituting local industry in West Africa. Certainly, the Office tried to encourage industrial development as and when proposals arose, but there was apparently no discussion on the part colonial industry could play in easing local supply difficulties.

This can at least in part be attributed to the shortage of <u>capital</u> goods for export to the colonies. This shortage affected not only basic items such as steel and cement, but virtually all the materials required for economic development, including agricultural machinery and tractors,

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253 CO 537/1414, minute, 11 Dec 1946.

254 BT 11/3247, T.W. Davies (CO) to H.J. Habakkuk (BoT), 27 Feb 1946; ibid., Habakkuk to Davies, 8 Mar 1946.

manufacturing plant and railway rolling stock[255]. Though the wartime controls on British exports were mostly lifted by early 1946, this brought little benefit to the colonies, since domestic and dollar-earning orders tended to take priority. Thus, a fundamental constraint faced any attempt to ease colonial consumer goods shortages by local production, for example of textiles. The problems confronting West Africa in securing textile machinery, for example, have already been described. Moreover, despite the apparent resignation of the Board of Trade to overseas industrialisation, it transpired that this did not necessarily apply to individual proposals for development, particularly in the colonies. The Board had adopted an apparently progressive and co-operative stance towards West African schemes for textile development, demonstrated by the relatively conflict-free discussions it held with the Colonial Office between 1943 and 1946. However, there is evidence that the Board remained susceptible to the Cotton Board's anxieties about future competition, amounting even to discreet collusion designed to restrict textile development overseas. Although the Cotton Board had also appeared constructive towards colonial textile development, this was less obvious in its stance on similar developments outside the colonial empire, over which Lancashire could expect to have little effective influence. This can be seen in the Board's concern about exports of textile machinery from Britain. In mid-1945, the Board of Trade proposed to simplify existing export controls by removing textile

255 Cmd.7167 The Colonial Empire (1939-1947), July 1947, paras. 314-315.

machinery from the list of controlled items. In deference to the Cotton Board's policy since wartime concentration, the Board of Trade proposed to retain export licensing for all textile machinery manufactured before 1 May 1941[256]. In January 1946, however, Streat voiced the Cotton Board's fears about exports of second-hand machinery. He told the Board of Trade that recent ad hoc decisions on these exports amounted to a disturbing trend. Streat feared that several countries, for example in the Middle East, favoured investment in cotton textiles production because of recent shortages which had given them a distorted impression of the true demand for these goods. Once established, he thought, such enterprises would demand tariff protection from their governments, harming British export prospects. Streat believed that the Board of Trade should severely limit export licences for textile machinery. The Board's response was a promise to allow the administrative machine 'to function very slowly for the next few months' in handling applications for licences, a suggestion which the Cotton Board accepted[257]. It is unclear from the records whether this decision had direct consequences for West African development, although it will be recalled that it was from the summer of 1945 onwards that the textile projects in Nigeria and the Gold Coast encountered particular difficulty in obtaining machinery from Britain.

In the face of such obstruction, the Colonial Office appears not to have considered promoting local industry to

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256 BT 175/3, CB 3789a, Cotton Board 141st meeting, 19 June 1945.

257 Ibid., CB 4401a, Cotton Board 154th meeting, 15 Jan 1946.

meet the colonial demand for consumer goods. Official discussions on industrialisation became sparse and incidental. Instead, to stem the threat of inflation, and, ultimately, political discontent, arising from shortages of goods, the Office sought to limit colonial purchasing power by encouraging effective taxation policies and through the state marketing of colonial produce. It was a fundamental of London's conscious attempts after 1945 to promote 'nation building', that governments should increase their revenues, as one step towards self-sufficiency and the elimination of metropolitan aid. Specifically, colonial governments were encouraged to introduce or extend income taxation, thereby reducing their past overdependence on revenue from import and export duties. Nevertheless, excise duties had risen during the war, and net receipts from them had increased as a result of the greater value of trade. These duties were also seen as having a counter-inflationary function, absorbing the gap between the selling price and the supply costs of consumer goods. The Colonial Office feared that local governments might be tempted to ease the taxation levels applied during the war. In view of the difficulty in satisfying the colonial demand for consumer goods, officials believed that taxation might, on the contrary, have to be increased[258]. In July 1946, Hall urged local governments to develop direct taxation, especially income tax, and to reduce indirect taxes[259]. Yet revenue from indirect taxation continued to be important to the local administrations. For

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258 CO 852/729/2, minute by Caine, 30 May 1946; ibid., minute by Dawe, 6 June 1946.

259 Ibid., circular telegram, 19 July 1946.

example, the Nigerian government derived 43 per cent of its revenue from excise duties in 1946: by 1950 this figure had risen still further to 51 per cent[260]. This partly explains the government's concern that local industrial development might affect revenue from trade, a fear often expressed during discussions on the UAC's textile scheme.

Through the second element in its anti-inflationary strategy, the state marketing of agricultural produce, the Colonial Office aimed to shield producers from violent price fluctuations such as experienced before the war. The marketing authorities were to accumulate financial surpluses, funds which could later be drawn on to pay more to producers for their crops when world market prices fell. During the war, the authorities paid low prices, at least partly because of fears that unabsorbed local purchasing power at a time of import constraints would fuel inflation. While the official justification for the post-war marketing policy was that it would minimise fluctuations in producer incomes, the accumulation by the marketing authorities of ever larger reserves seems to have become an end in itself, driven partly by a desire to control inflation, and partly by the benefit derived by sterling as a world currency by the holding of these reserves in London. Consequently, the Colonial Office was reluctant to see these funds used for developmental purposes, believing that they should be dedicated solely to an ill-defined shibboleth of 'stabilisation'. During the Colonial Office's initial attempts at reconstruction planning in 1941, economic stabilisation through controlled produce marketing had

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260 Ekundare (1973), p.233.

emerged as a potential rival to arguments for diversifying colonial economies, for example through industrialisation. Early in 1944, Lord Hailey suggested that marketing would be more important than almost any other problem of post-war economic policy. After 1945, the twin objectives of stabilisation and combatting inflation, through state produce marketing and improved taxation, increasingly eclipsed two of the key arguments for industrialisation current throughout wartime policy discussions in the Colonial Offic: the easing of structural economic instability arising from dependence on primary production, and the immediate danger of inflation due to import shortages[261].

261 Meredith (1986), pp.77-91; CO 990/1, CEAC 3rd minutes, 15 Feb 1944.

CHAPTER THREE: DEFINING THE COLONIAL STATE'S ROLE IN POSTWAR INDUSTRIAL DEVELOPMENT, 1943-1946

The Colonial Office's clarification of its ideas on the relevance of industrialisation to colonial development in West Africa between 1943 and 1946 was protracted and uncertain. No less tortuous were its parallel attempts to address fundamental questions on the promotion of industrial development. At its simplest level, this could be interpreted as a problem of finding the necessary finance, but partly because of their perceptions of West African conditions, officials in London were soon giving equal weight to the perceived need to inject entrepreneurial and managerial skills into the development process. Official assumptions about the availability of development capital were modified between 1943 and 1946. In several respects, official deliberations were hampered by the absence of clear indications on the availability of various forms of finance after the war. Thus, for example, it was unclear whether colonial governments would have free access to the London capital market, or to foreign sources, or even to the sterling balances which they accumulated in London throughout the war. More important, perhaps, in shaping official discussions was a growing sensitivity within the Colonial Office to the political implications of development, an uncomfortable awareness of the scope for charges of exploitation attaching to the colonial operations of European private enterprise. Because of this increasingly acknowledged political dimension, official discussions on promoting industry evolved into a debate on the need to control development, and hence on how far the colonial state should intervene in the operations of private enterprise, and, where necessary, itself assume a more actively entrepreneurial role, supplementing private capital with new forms of public enterprise, politically acceptable to colonial opinion.

Sources of development capital

Early in the reconstruction debate, the Colonial Office seemed optimistic that development capital would be available to the colonies after the war. Officials encouraged two assumptions: first, that a number of colonies would have accumulated sizeable sterling balances which could be drawn on; and secondly, that colonial governments would be able to borrow on the London money markets[1]. Yet, by spring 1944, the Office, while still promoting an optimistic picture, had altered the emphasis in its advice to colonial governments. The latter were now told that there would be three available sources of finance. First, there were surplus funds, for example from revenue, which the Colonial Office thought should be the 'first recourse' of colonies who possessed them. London suggested that many colonies would be in this attractive position after the war, and would therefore be able to fund a great deal of development without seeking loans or grants. Secondly, it was thought that because extended controls on access to the City were likely, local financial resources would probably assume an increasing importance. Finally, officials concluded that Colonial Development and Welfare (CD & W)

1 CO 990/2, CEAC(43)5, 'Social and Economic Planning in the Colonial Empire', 25 Nov 1943.

funds were likely to remain the chief source of development capital for many colonies[2].

Britain's capacity to promote colonial development after the war remained uncertain long into the 'reconstruction debate'. By the end of the war, Britain had lost around one quarter of her national wealth since 1939, and external liabilities had been accumulated totalling L3,355 million by June 1945. Of this, some L2,723 million was owed to the Sterling Area. By May 1945, Keynes was predicting that by the end of the war, Britain would have an overseas deficit of around L1,400 million per annum[3].

Despite these bleak prospects, the Colonial Office persuaded the War Cabinet to extend the 1940 CD & W Act late in 1944, providing L120 million for development over a ten year period. Stanley told the Colonial Economic Advisory Committee (CEAC) in December 1944 that the aim of the new Bill was that at the end of the period provided for, the colonies ought to have increased their resources so as to be able to maintain a 'decent' standard of living[4]. However impressive the gesture, the practical impact of these funds, when spread thinly across the Colonial Empire, could only be limited. Officials concerned with negotiating the extension of aid did not, in fact, envisage this as being the sole source of development capital available to colonial governments. The latter were warned in November 1945 that the allocations made under the new Act would have to be

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2 CO 852/588 Pt.1, 'The Planning of Social and Economic Development in the Colonial Empire', Apr 1944.

3 CAB 66/65, WP(45)301, 'Overseas financial policy in Stage III', 15 May 1945.

4 CO 990/1, CEAC 9th minutes, 19 Dec 1944.

supplemented as far as possible from the governments' own resources, or by external borrowing[5].

What, then, of the resources of local governments? The war produced important changes in the financial circumstances of many governments, due in particular to the introduction of new forms of taxation which substantially increased government revenue. For example, the Nigerian Government's gross revenue grew from L6,113,000 to L13,200,000 during the war. This was partly due to an increase in revenue from indirect taxation, especially customs and excise, but also to the introduction and subsequent increase of the Company Tax. For the first time, the expatriate firms became subject to direct taxation within Nigeria. These measures had been introduced to counteract inflation and stimulate production. More importantly, they secured budget surpluses during the war, enabling the Nigerian government to ease some of the curbs on public expenditure required during the pre-war years of financial restraint. Government spending accordingly rose from L6,499,000 in 1939/40 to L10,693,00 in 1945/46, of which an increasing proportion was available for development[6].

The Gold Coast Government, in contrast, lagged behind Nigeria in modernising its taxation regime, not introducing an income tax until 1943, following an unexpected revenue deficit for the year 1942/43. Even then, income tax rates in the Gold Coast, regarded widely as a wealthy colony, were

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5 PP (1945-46), xix, 35, Cmd. 6713 Colonial Development and Welfare. Despatch dated 12th November, 1945 from the Secretary of State for the Colonies to Colonial Governments.

6 Pearce (1987), p.282; Shuckburgh II, pp.310-13.

lower than in Nigeria. The Government remained reluctant to increase personal taxation rates, since the burden would fall mainly on its own officials, and preferred instead to raise the rate of Company Tax. This attitude worried the Colonial Office, where doubts were raised about granting CD & W monies to a colony which imposed relatively light taxation[7].

An important potential source of development capital, which local governments were encouraged to expect access to, was the sterling balances which they accumulated in London throughout the war. These were credits to the British Government, enabling it to import raw materials and to pay for services from the Sterling Area: they formed a valuable part of the wartime Imperial economic system, helping to support it, and constituting 'involuntary and indefinite loans' to Britain from her sterling creditors, particularly those in the British Empire. These balances totalled nearly L3,700 million by the war's end. Of this, the share owed to British West Africa amounted to L76 million by November 1944, a substantial figure when compared to the region's subsequent CD & W allocation of L30,400,000 for 1946-56. The growth of the West African balances was fuelled by the wartime bulk purchase scheme, and the decision to continue a system of state marketing after the war made it likely that the balances generated by the produce boards would continue to swell[8].

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7 Shuckburgh II, pp.315-18.

8 Morgan (1980) I, p.201; N.J. Westcott, 'Sterling and Empire: the British Imperial Economy, 1939-1951', Seminar Paper, ICS London, 1983, pp.4,7,8.

The colonial sterling balances were, however, a delicate area in Anglo-American relations, being seen in the United States as giving British exporters an unfair advantage, since unless creditors could convert their holdings into 'hard' currency, they were limited to buying sterling goods. United States' pressure therefore grew for Britain to 'adjust' her sterling balances, by reducing them or writing them off, and a promise on Britain's part to discuss this was a condition of the post-war United States Loan Agreement. For various reasons, this was an unattractive proposition for Britain. Tampering with the balances would risk political confrontation with the creditors as well as the dishonouring of debts, which would undermine London's standing as a world financial centre and hence weaken sterling as an international currency[9].

Pressure on the sterling balances also arose within Britain. In April 1945, Keynes suggested that one means of easing Britain's financial difficulties in the immediate post-war period would be to write off or appropriate large amounts of the colonial balances. Naturally, the Colonial Office was alive to the political difficulties such action might create in the colonies[10]. Furthermore, the Office itself had different plans for West Africa's balances which belied the numerous references to them made during the war. Although the Colonial Office told the West African governments on several occasions that they would have access to their balances after the war, there is evidence that officials resisted the idea of using these funds, especially

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9 Westcott (1983), pp.6-7.

10 Porter and Stockwell (1987), p.45.

those derived from state marketing, for development purposes. The Office feared that the balances would be 'frittered away' on development, whereas their value was increasingly seen to lie in securing an ill-defined price stability designed to cushion primary producers against fluctuations. For officials in London, therefore, the emphasis in policy towards West Africa's balances was on continued accumulation, rather than on spending. This was in turn justified by the need to avoid a post-war 'boom' similar to that which had followed the First World War, 'with all its unhappy consequences', and to provide against future 'lean years'[11]. By the end of 1946, the long-term fate of the colonial sterling balances remained uncertain. However, given US opposition, the Bank of England's insistence that 'adjustment' was unethical, and the Colonial Office's private conviction that the balances should be devoted, where possible, to price stabilisation, the prospects for their employment in development by colonial governments were not promising.

If the future of the sterling balances remained uncertain between 1943 and 1946, the outlook for colonial borrowing was no more encouraging. During the 1930s, there had been a definite shift in British overseas investment towards the Empire. It became possible for the colonies to raise loans more cheaply in the City than elsewhere, thanks, in part, to the National Government's 'cheap money' policies. During the war, however, London imposed rigid control over sterling issues, and the colonies raised no new loans in this period. Instead, colonial governments were

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11 Meredith (1986), pp.77-78, 87-88.

encouraged to meet their borrowing requirements from local sources, in order to ease the strain on the City[12].

It is not clear whether the Colonial Office expected any major relaxation of these tight financial controls after the war. In its statements to colonial governments, as suggested above, the initial optimism of the Office late in 1943 gave way by the following spring to a more guarded position. In June 1945, Caine asked the Treasury for guidance on future colonial access to the London money markets in order to supplement CD & W funds. The Treasury replied that the question was under consideration, but added that all overseas borrowers should initially seek local sources of capital, not only to relieve pressure on London, but also to reduce the likelihood of inflation arising from heavy expenditure at a time of scarcity of goods[13].

During the war, officials appear to have given little attention to the possible use of foreign, and particularly American, capital, although this suggestion was aired on several occasions during the war. During the Carlton Hotel discussions, arranged by MacDonald soon after the outbreak of war to encourage constructive thought on colonial policy, Sir Keith Hancock argued that foreign capital was essential to development. In Margery Perham's view, this implied a need to attract United States capital. For officials, this was a thorny subject, and Clauson dismissed the proposal as

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12 Westcott (1983), p.2; PP (1946-47), x, 403, Cmd.7167, The Colonial Empire (1939-1947), para. 401.

13 CO 852/591/3, letter to Brittain (Treasury), 19 June 1945; ibid., A.J.D. Winnifrith (Treasury) to J.B. Williams, 21 July 1945.

'nonsense'. Traditionally, it had been British policy to deflect US interests from the colonies[14].

Yet the war transformed the relationship between Britain and the United States, the latter emerging as by far the more powerful partner in the wartime alliance. From late 1942, the strength of the American military presence in Africa was increasingly felt, prompting concern in the Colonial Office about future US commercial ambitions. In particular, London feared that the United States would look to West Africa, a region with which she had had only modest trading links before the war, as a major post-war export market. This anxiety was fuelled by the ambiguous commitments to 'access on equal terms' to raw materials and markets given by Britain in the Atlantic Charter of August 1941[15].

Despite these official fears, interest in the potential role of American capital in development grew in Britain as the reconstruction debate accelerated. Paradoxically, perhaps, this interest was particularly marked among the broad 'left'. In its 1943 statement on colonial policy, for example, the Labour Party concluded that little development was feasible without 'the provision of capital on a considerable scale by loans'. Without a substantial injection of European or US capital, the 'vicious circle' of colonial poverty would remain unbroken[16].

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14 W. Roger Louis, (1977), pp.103-5.

15 Hargreaves, (1988), pp.55-6.

16 The Labour Party, The Colonies: the Labour Party's Post-War Policy for the African and Pacific Colonies, (1943), pp.16-7.

The Colonial Office did not encourage speculation about the role of foreign capital, but in April 1944 the question was raised during discussions on industrial finance by CEAC, among whose more outspoken members Evan Durbin showed a particular interest in US investment. Caine countered, blandly, that there should be no discrimination against foreign enterprise interested in establishing factories in a colony[17]. His colleague Clauson was, characteristically, more forthright in open debate. He warned that borrowing from the United States would involve interest repayments, which might oblige colonies to forego goods currently imported in exchange for their exports. Specifically, he thought, there would be little point in borrowing foreign capital to finance industrial development, whose purpose was to raise living standards, if in consequence the range of available consumer goods was depleted because of loan repayment costs[18]. Whereas Durbin believed that US aid was the only long-term solution to development, and that foreign loans could be guaranteed with CD & W funds, Clauson argued that no country could afford to develop <u>all</u> the colonies to the desirable level, thus unwittingly repeating one of the central arguments for 'concentrated' industrial development already deployed by Durbin and Lewis[19]. Clauson further suggested that although there was no bias in the colonies

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17 CO 990/16, CEAC(Industry) 3rd minutes, 17 Apr 1944; CO 990/17, CEAC(Industry)(44)5, 'Possible scope for industrialisation in the Colonies', 25 Apr 1944.

18 CO 990/16, CEAC(Industry) 4th minutes, 15 May 1944.

19 See above, ch.2, pp. 136-8.

against foreign capital, this might emerge, a tendency he equated with the growth of 'national consciousness'[20].

A final query raised by CEAC was whether the British Government would consider approaching foreign governments, or any future international investment fund, for development capital, or whether exclusively private investment was envisaged[21]. Stanley replied that Britain would not be approaching foreign sources specifically for development loans, and that he expected foreign investment to be private in character. He believed that the colonial peoples would not favour development which 'bound' them to a foreign country, and he could not foresee money being lent without 'strings' attached[22]. This position won the support of Lord Hailey, who thought it would be 'healthier' to encourage private (including local) enterprise, than to borrow heavily from abroad, so that industrial development would arise from a colony's own resources[23].

The Colonial Office's reluctance to discuss the role of foreign capital may also have stemmed from the diplomatic need to demonstrate the metropolitan government's intention to take a prominent role in development. This need was especially strong later in the war, when Anglo-American discussions on Britain's future status as a colonial power were under way24. It was, after all, chiefly on political grounds that Stanley was able to request an extension of CD

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20 CO 990/16, CEAC(Industry) 5th minutes, 15 June 1944.

21 CO 852/588/2, memo. by CEAC to Stanley, 31 Oct 1944.

22 CO 990/1, CEAC 9th minutes, 19 Dec 1944.

23 Ibid..

24 See esp. Louis (1979).

& W provision, by emphasising the need to justify before international opinion Britain's fitness to remain a colonial power. These major policy considerations also explain in part the Colonial Office's anxiety in this period to retain control over the development debate, and to limit the interference of 'unofficial' enthusiasts, such as the radical wing of CEAC[25].

Against this unpromising background, the question of identifying fresh development capital for West Africa led officials in London to the inescapable conclusion that continued and increasing reliance would have to be placed on expatriate firms such as the UAC. Although to some officials, including Caine, this was an obvious conclusion, others, notably Cohen, became increasingly concerned to harness the financial resources and expertise which private enterprise could contribute within a framework which enhanced the power of the colonial state to control development. This in turn aroused official interest in the possibility of giving the state a more direct role in promoting development, and hence to an exploration of the merits of public enterprise.

Public versus private enterprise

In its discussions on the relationship between public and private enterprise, the Colonial Office needed to reconcile, for public consumption, the experience of European commercial activity in the colonies with a shifting metropolitan intellectual climate. At the heart of these discussions lay a fundamental dilemma for officials: on the

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25 Porter and Stockwell (1987), p.43.

one hand were the demands of a new, more responsive and interventionist colonial policy, shaped increasingly with an eye to international, especially American, sentiment, and on the other hand, the practical question of where the resources for an active programme of colonial development were to be found. Thus, Lord Hailey, in his capacity as 'unofficial spokesman' for the Colonial Office, sought to defend the record of development under private auspices while conceding the patchy nature of its impact. In his view, the 'vitality' which private enterprise had contributed would in future have to be supplemented by state action to ensure an equal distribution of development across the community as a whole, a responsibility which he thought had already been recognised in the 1940 CD & W Act[26]. Hailey admitted that problems could arise in privately funded development, notably in the exploitation of cheap colonial labour. However, unless all aspects of economic development were to be provided for by the state, there was no alternative to the continued involvement of private enterprise:

> Our object must clearly be to secure the widest co-operation of external capital and enterprise, while safeguarding against its abuse, or against its acquisition of a privileged position which may hamper the natives of the country from occupying a due share in its economic development[27].

Hailey had identified two related questions which dominated the Colonial Office's consideration of development throughout the reconstruction phase: the need to achieve the

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26 Lord Hailey, Britain and Her Dependencies, (1943), pp.10-6.

27 Ibid., pp.18-9.

optimum balance between public and private enterprise, and hence the cultivation of a constructive partnership between the two; and the wider question of the extent to which development should be controlled by government. In July 1943, Hailey suggested that the private sector had 'a limited sphere of action' in developing tropical areas, and that there was a wide field remaining in which government must henceforth take the lead. This might involve the promotion of secondary industries and the organisation of local marketing, areas 'which a previous generation would have regarded as lying beyond the normal range of government action'[28].

In his memorandum of August 1943, Caine, too, recognised the need for accommodation with new ideas on the state's economic role. He denied that development was impossible without state planning: 'Nothing is more demonstrably untrue for the Colonial Empire, where tremendous developments have been produced by the planning of private enterprise'. However, Caine envisaged a future expansion of state economic regulation, and thought that this would have important implications for development financing. Whereas in the past, much development had been financed privately, future taxation policy and control of the capital markets were likely to diminish the speculative appeal of the colonies to external investors. Consequently, a much greater proportion of development finance would have to be provided by the state, and the state itself would

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28 Rhodes House Library, Oxford: MSS. Brit. Emp. s.335 Hailey Papers, speech to Royal Central Asian Society, 'The Colonies and the Atlantic Charter', 7 July 1943.

require new skills in 'economic prospecting'[29]. Coming from Caine, traditionally a defender of private enterprise, these comments are surprising. Moreover, they were at variance with the general framework for development which the Colonial Office was projecting for public consumption. Only a month before, Stanley had delivered his major policy speech in the Commons, encapsulating the future thrust of colonial policy. He had acknowledged that the subject of private enterprise's role in post-war colonial development was 'fraught with great danger'. However, assuming that private capital had a role in the post-war metropolitan economy, which hardly seemed to be in question, then it would 'certainly' have a part to play in the colonies. Stanley offered practical reasons:

> As I see it, the financial resources of the Colonial Governments and the financial assistance which His Majesty's Government are to give under the Colonial Development and Welfare Act, will be fully needed for basic developments and social advances, and I think we shall need and be glad of, the assistance of private capital[30].

He warned, however, that private enterprise would have to be under 'proper control', and that there would be no place for the entrepreneur seeking rapid returns: 'What I hope is to give a chance to the efficient producer with reasonable security to get a reasonable return[31]'. Despite the caveat, reflecting, perhaps, Stanley's own political convictions as well as being a concession to metropolitan and international public opinion, the message remained that

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29 CO 852/588/2, 16 Aug 1943.

30 PD(C), 391, cols.66-8, 13 July 1943.

31 Ibid..

the public funds available for development would be limited. Despite the advances made during the war, colonial government revenues were not expected to contribute substantially to development finance, and metropolitan Government assistance, from CD & W funds would be needed mainly for other forms of development, especially in the social sphere. By late 1943, therefore, it seemed clear to officials in London that most capital for industrial development would have to come from private sources[32].

The idea of achieving a constructive partnership between private enterprise and the state was central to Oliver Stanley's political outlook. His were ideas which had developed gradually throughout his political career, and to which he remained wedded until his premature death in 1950. Later in the war, he regarded the revised CD & W Bill which he introduced as being instrumental in securing the right balance between public and private enterprise:

> I believe we can do a great deal with it, particularly if we can associate with Government action the best kind of private enterprise and private investment[33].

Given these official assumptions about the continuing importance of private enterprise, the attitudes of potential sources of development capital acquire particular significance. In the West African context, the only likely sources of substantial capital investment were the large expatriate firms, and much would depend, therefore, on whether their experience of wartime economic conditions had

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32 CO 482/2, draft memo. by Carstairs, 'The Control of Secondary Industries in the Colonies, with special reference to East and West Africa', 21 Nov 1943.

33 CO 588/12, letter to A.H.S. Hinchcliffe (President, Manchester Chamber of Commerce), 19 Feb 1945.

eroded their customary indifference to business diversification, and on whether they could be induced to participate in development on terms acceptable to local opinion.

By the onset of reconstruction planning in 1943, signs were emerging of a change in attitudes towards industrial development among the European firms in West Africa. There were a number of indications that some of the larger expatriate companies had warmed to the idea of participating in industrialisation, in contrast to their pre-war attitudes. In particular, attempts were made by the larger firms to improve their relations with local governments, and to demonstrate a co-operative attitude towards official development strategies[34]. This was especially true of the UAC, whose poor relationship with the West African Governments was discussed in chapter one. The Company also supported the establishment of the West African Institute, one of whose functions was to undertake research into industrial development, and its Gold Coast Manager sat on the Council of Achimota College, the Institute's parent body[35].

The second largest European concern in West Africa, J.Holt and Co., showed a similar interest in diversifying its operations into manufacturing. Early in 1943, the Colonial Office received a copy of a memorandum by the Company which declared that industrial development was urgently needed, both to satisfy the local elite

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34 See also Bowden (1980), p.218.

35 CO 554/130/33685/1943, note by H.B. Lawrence, 'The Institute of West African Arts, Industries and Social Science', 10 June 1943.

expectations and to provide work for demobilised troops. The Company believed that most firms operating in West Africa shared the view that such development was inevitable. Since local industrialisation would impinge on the firm's traditional commercial activities, Holt's stressed the need to plan ahead to meet changing conditions. The Company hoped that industrialisation would ultimately promote a new form of trade based on capital goods exports to the colonies. In turn, Holt's sought guidance from government on the role envisaged for the European firms[36]. While the Colonial Office thought that the Holt's memorandum raised 'some interesting points', officials were reluctant to comment until Whitehall's attitude to colonial industrialisation had been clarified[37]. Nevertheless, they were gratified that the firms appeared to be in a 'co-operative mood', and were looking to government to take the initiative in development[38].

Besides these expressions of a desire to co-operate in the promotion of colonial industry, the firms had provided concrete evidence of their interest. The UAC, for example, had stepped up its production of soap in Nigeria in response to the wartime expansion of the local market, its sales rising from 4,400 tons in 1937 to 10,643 tons in 1946[39]. As has been seen, the Company also put forward proposals for a timber processing mill at Sapele, and was considering plans

36 Bowden (1980), pp.218-219; CO 852/480/11, Meyerowitz to Williams, enclosing memo. from J. Holt and Co., 3 May 1943.

37 CO 852/480/11, minute by O.G.R. Williams, 4 May 1943.

38 CO 852/480/11, note of meeting in CO, 12 Nov 1943.

39 Fieldhouse (1986), p.10.

for cotton textiles production in Nigeria[40]. Later, when the UAC was elaborating its textile proposals, the Company stressed that apart from the purely commercial aspect, it was motivated by a desire to help implement government policy on industrial development[41].

The war had fundamentally extended the colonial state's control over private enterprise. For example, the introduction of more sophisticated taxation policies, encouraged by London in the interests of controlling inflation, had wider long-term implications for the relationship of colonial governments and the European firms. Thus Nigeria imposed a Company Tax for the first time during the war. As Pearce has commented:

> If the war increased the profitability of expatriate firms in Nigeria, at least colonial policy ensured that the country would share in the profits[42].

It was probably the strengthened position of the colonial state in wartime which encouraged a more compliant and conciliatory position among the European firms. An example of this attitude came with the offer by the UAC, made in 1942, to sell its rights to mineral royalties in Nigeria to the colonial government. In 1942, these rights brought the Company payments totalling L155,000, a sum swollen by increased wartime mineral production at artificially high prices. The Colonial Office tried to persuade the Treasury to buy these royalties on the Nigerian Government's behalf, in order to stem the flow of mining

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40 See above, p.155-6.

41 CO 852/574/7, note of meeting in CO with representatives of Cotton Board, BoT and UAC, 8 Mar 1945.

42 Pearce (1987), p.282.

profits back to shareholders in Britain, arguing that this gesture would improve the international image of Britain's colonial policy. The Treasury refused, but early in 1945 negotiations between the Colonial Office and the UAC began. Although these were inconclusive during the reconstruction period, they suggest that the UAC wanted to improve its standing with the colonial authorities[43].

The war also had important repercussions on traditional patterns of European commercial activity in West Africa, affecting the outlook and behaviour of large firms such as the UAC. Particularly important was the introduction of state-controlled produce marketing in the region. Under these arrangements, the existing trading firms had become the state's principal agents, continuing to buy produce but selling it to a single, official buyer, the Produce Marketing Board, which also fixed the prices to be paid. On the one hand, the firms benefitted from the scheme, which they themselves had been willing to help establish. It was, in effect, an official endorsement of the private 'pooling' arrangements which had existed among the firms before the war. In return for their co-operation, the firms received preferential treatment from the colonial authorities in the issuing of import licences, and were able to influence policy so as to exclude newcomers to West African trade, both African and 'Syrian'[44]. Yet, although the new marketing

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43 Shuckburgh I, pp.279-81; R. Robinson, 'Andrew Cohen and the Transfer of Power in Tropical Africa, 1940-1951', in W.H. Morris-Jones and Georges Fischer (eds), Decolonization and After: the British and French Experience, 1980, p.58; CO 583/271/30572/1944, note of meeting in CO to discuss Nigerian preliminary development plan, 6 Nov 1944.

44 Hopkins (1973), pp.259-64.

policy strengthened the position of the firms, it also brought their activities more directly under the control of the state than ever before[45]. Hence, when official interest in continuing state produce marketing grew stronger during 1944, the firms became alarmed. Through their central body, the Association of West African Merchants, they proposed their own scheme, accepting the need for price stabilisation, but arguing that the state Board should guarantee a minimum price, above which free competition would be permitted.

Although some in the Colonial Office welcomed this proposal as a means of circumventing a possible confrontation with business interests both in Britain and the United States, the West African governments opposed the scheme, fearing the local opposition which it might produce. Above all, official concern about the local political repercussions of the firms' activities crystallised the decision taken in the first half of 1944 to continue state marketing after the war, expressed in the White Paper of October 1944 announcing the establishment of local cocoa marketing boards[46]. Against the combined interests of the Colonial Office, the colonial governments and the metropolitan Treasury, each of which had its own reasons for preferring state marketing, the opposition of the firms was ineffective. Nevertheless, the firms were not entirely without influence over the scheme's implementation: for example, a place on the Gold Coast cocoa board was reserved

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45 Pearce (1987), p.284.

46 Meredith (1986), pp.85-6.

for a representative of AWAM, the nucleus of the pre-war cartel[47].

At the end of August 1943, the Colonial Office told the West African governments that a broad planning framework was envisaged leaving 'a wide field' for private initiative, under the 'general direction and supervision' of the state. The governments were asked how far economic regulation was considered necessary in the interests of the community, whether adequate basic services for development existed, and if these were not already provided by the state, whether steps were needed to encourage private enterprise to provide them. The governments were also asked to review their powers to promote development, and existing safeguards against the exploitation of local populations. The Colonial Office assumed that considerable government economic controls would continue in the immediate post-war period, and that a 'much greater degree of Government control than existed before the war will remain as a permanency'[48].

The Office's ideas on the scope for government participation in development were elaborated in a memorandum prepared for the CEAC in November 1943. This paper, written jointly by Caine and Clauson, assumed that wholly state-controlled planning would not continue after the war, but that government's role would be to produce 'outline' development plans, giving ample scope to private initiative. The state's function would therefore be to ensure the necessary framework for development. While the paper

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47 Meredith (1988), pp.286, 295-296.

48 CO 554/132/33718/1/1943, memo. for West African Governments, 'Post-War Planning for West Africa', (n.d.).

acknowledged a widened proper sphere of state action, it maintained that colonial governments should concentrate on providing basic services, and leave the planning of production as such largely to private enterprise, which was described as having a vital role in colonial development[49].

However, when the CEAC discussed the memorandum several Committee members rejected the implication of a modest state role in production. Henderson, for example, argued the need for colonial governments to plan social services in conjunction with their economic planning, on which improved welfare provision depended. From the left, Durbin believed that the memorandum implied that government's role was to create conditions in which private, and therefore foreign enterprise, could flourish, whereas he stressed the potential for government participation in development[50].

The planning memorandum was accordingly revised before being circulated to the colonial governments in spring 1944. It now emphasised that the state's role in economic planning should not be minimised. Nevertheless, the paper advocated 'outline' planning by government, leaving private enterprise to take the 'bulk' of decisions on development. The essential point was that officials envisaged a partnership in development between private enterprise and state planning and control[51]. Here, Caine's influence can be detected. He had already complained that the Colonial Office's

49 CO 990/2, CEAC(43)5, 'Social and Economic Planning in the Colonial Empire', 25 Nov 1943.

50 Morgan (1980) I, p.186; CO 990/1, CEAC 2nd minutes, 9 Dec 1943.

51 CO 852/588 Pt.1, 'The Planning of Social and Economic Development in the Colonial Empire', Apr 1944.

discussions on industrial development generally neglected instances of development successfully launched without state assistance, for example in Hong Kong before the war[52]. He warned against overreliance on government to stimulate development, at the cost of minimising the scope for private initiative:

> The part which private enterprise can play in the future as in the past is also vital to active development in the colonies, both economic and social. Wherever possible, Government activity should aim at the stimulation rather than the restriction of private initiative, subject to the controls essential to the protection of public interests[53].

On the other hand, government was expected to be active in promoting development where private enterprise showed no interest. Generally, the Colonial Office felt that direct government operation was most appropriate in circumstances which, for technical reasons, demanded monopolistic control, for example in order to achieve economies of scale through large-scale production. Since the award of monopoly privileges to commercial firms was a sensitive area, officials concluded that monopolies should be reserved to government operation. Similarly, it was felt that in granting incentives to firms to promote consumer goods industries, governments should be careful that the consumer did not suffer, as would be the case if prices rose because of high tariff protection[54]. Caine suggested that if private enterprise could not be attracted to certain industrial

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52 CO 852/482/3, minute by Caine, 30 Oct 1943.

53 CO 852/588 Pt.1, 'The Planning of Social and Economic Development in the Colonial Empire', Apr 1944.

54 Ibid..

projects, government should offer assistance in one of three ways: by providing capital on easy terms, by participating in the formation of a company to undertake the development, or by taking on the work itself[55].

Among CEAC's members, Durbin particularly challenged Caine's suggestion that the state might step in to promote development unattractive to private enterprise: in his view, governments should consider participating in <u>every</u> case of development, not only unprofitable ventures[56]. Yet even in mid-1944, a lingering scepticism within the Colonial Office towards the benefits of public enterprise was evident, echoing a former orthodoxy now increasingly seen by officials as inappropriate. For example, Clauson argued that finance was a barrier to government investment in industry, since the necessary public borrowing, and hence the accumulation of debts, was risky and undesirable. In fairness, such views represented not simply a stubborn official attachment to laissez faire ideas, but arose from painful inter-war experience, when a number of colonial governments had over-extended themselves by borrowing heavily during the brief 'boom' after 1918, only to find themselves encumbered with severe debt burdens during the Depression[57].

In its report on manufacturing industry[58], CEAC stressed the importance of governments promoting genuinely

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55 CO 990/17, CEAC(Industry)(44)5, 'Possible scope for industrialisation in the Colonies', 25 May 1944.

56 CO 990/16, CEAC(Industry) 5th minutes, 15 June 1944.

57 Ibid..

58 See above, ch.2, pp.140-2.

economic industries. However, the Committee did not mean that only proven industries should be promoted, but called for a policy of 'enterprise and bold experimentation' by government in order to overcome basic problems such as the lack of local managerial expertise. The report incorporated the arguments of both Durbin and Caine on the role of government. As Durbin had suggested, the report urged government not to restrict itself to participation in ventures whose lack of profit-making potential made them unattractive to private enterprise. It endorsed Caine's suggestion that government involvement could take three possible forms: the provision of capital, participation in forming companies, for example by taking up shares, and direct government operation of enterprises[59].

CEAC did not explore the question of the administrative machinery required by a more active government role in promoting industrial development, other than to recommend the creation of Departments of Industry in all the larger territories, responsible for 'discovering, investigating and promoting desirable industrial development'. The Committee recognised, however, that much would depend upon the expansion of government personnel, including the recruitment of staff with qualifications not previously expected of colonial administrators.

Subject to unspecified 'appropriate safeguards', CEAC welcomed the participation of established British companies in promoting industrial development[60]. CEAC's more radical

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59 CO 852/578/5, CEAC(44)32, 'The Development of Manufacturing Industries', 29 Aug 1944.

60 Ibid..

members were dissatisfied with this conclusion. The Agenda Sub-Committee's controversial planning memorandum argued that industrial development could not be left to private enterprise. It was wrong, the Sub-Committee argued, to compare colonial conditions with those in mature economies, where industrialisation had occured largely without state assistance, such as Britain and the United States, since these had enjoyed traditions of entrepreneurship and commercial skill considered unavailable in the colonies. The Sub-Committee concluded that if government did not participate in planning development, little or none would occur[61].

However conciliatory the European firms might have appeared by 1943, and however much officials in London might have recognised that only these firms possessed the capital and expertise necessary to promote industrialisation in West Africa, the problem remained that the firms were profoundly unpopular among key sections of the colonial population. Moreover, African distrust of firms such as the UAC had increasingly come to be shared by colonial administrators in West Africa, as demonstrated by the hostility frequently voiced by Governor Bourdillon of Nigeria. Bourdillon estimated in June 1943 that of the discontent among Nigeria's population, '99%' was due to economic causes, including the favoured position which the European trading firms were believed to enjoy[62].

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61 CO 852/588/2, CEAC(44)38, Agenda Sub-Committee Third Report, 'Memorandum on Planning', 14 Sept 1944.

62 CO 583/263/30560/1943, note of meeting in CO on Nigerian development, 22 June 1943.

The control of development: industrial licensing

As the Colonial Office's awareness of this state of affairs sharpened during 1943, discussions turned to the question of bringing the activities of expatriate enterprise under effective government control. This extended debate was triggered, however, by a separate problem in West Africa, raised by the Resident Minister, Swinton, and involving the need to restrain economic penetration of the region by non-European expatriate capital, collectively termed the 'Syrian' problem. In his policy memorandum of February 1943, Swinton cited the urgent need to curtail the activity of Syrian traders in West Africa as his reason for proposing that all future industrial development in the region should be subject to a system of government licencing[63]. It is clear that Swinton was, in turn, prompted to make this suggestion by the repeatedly voiced fears of the European firms at the possibility of Syrian competition. Swinton believed that it was the small Syrian trading community, rather than the European firms, which had squeezed African entrepreneurs out of business. While he admitted that the number of Syrians involved was still small, he was alarmed that its rate of growth had been rising since the 1920s. The local consequences, argued Swinton, were that European and African traders had become uneasy, and that the Syrians had introduced 'debased commercial standards', seen in the flourishing black market. Syrians were also unpopular because they were believed to remit their profits home. The problem was so acute, felt Swinton, that only government

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63 CO 852/509/15, WAWC(CM)4, 'Economic Policy in West African Colonies', 24 Feb 1943.

control could deal with it, hence his advocacy of a system by which all industrial enterprises would have to be licensed[64].

The European firms, anxious to protect their dominant position, apparently endorsed Swinton's views. Their wish to restrict potential commercial rivals, which required government action, may account for the conciliatory posture assumed by the firms and increasingly evident during 1943. In return for protection against Syrian competition, the firms seemed prepared to co-operate in the evolving development strategy.

Swinton's sympathies clearly lay with the large European firms, with whom he believed the colonial governments should establish a close working relationship. The firms, he argued, being large, were easier to deal with and to control[65]. He made no secret of his suspicion of government-financed or managed industrial development, although he was interested in encouraging Native Administrations to take a financial stake in 'sound' local industries[66]. Although he paid lip-service to the importance of encouraging African enterprise, using this as a pretext for licensing, it seems likely that Swinton saw expatriate interests as the obvious source of finance, expertise and enterprise[67]. He dismissed critics of British business:

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64 Ibid.; CO 852/482/2, draft memo. by Carstairs, 'The Control of Secondary Industries in the Colonies, with special reference to East and West Africa', 21 Nov 1943.

65 Kent (1985), pp.340-341.

66 CO 990/1, CEAC 2nd minutes, 9 Dec 1943.

67 CO 852/509/15, WAWC(CM)4, memo. by Resident Minister, 24 Feb 1943.

> One school of thought has proposed that industries requiring substantial capital, plant and expert management should be exclusively African, and that they should be financed by Government. It desires to exclude all outside capital. I believe this to be thoroughly unsound[68].

Significantly, Swinton assumed that wartime government economic controls would not continue in peacetime, when policy should aim to allow 'full play for freedom and initiative'. To this extent, he may have regarded licensing as a temporary expedient, unnecessary once the immediate threat of Syrian competition had been removed[69]. Swinton had raised a controversial question, and in the Colonial Office, major differences of opinion soon emerged on the extent to which government controls should be used to limit foreign enterprise in West Africa in favour of locally-promoted development.

The incident which prompted Swinton to address London on licensing arose in the Gold Coast. Here, the West African Institute had established a pilot brick-making plant, in line with its policy of encouraging African craft industries. The plant could not, however, produce bricks in quantities large enough to meet the immediate wartime demand, and consequently Governor Burns gave permission for a Syrian company to establish a brick factory and authorised it to import the necessary machinery.

Stanley defended Burns' action, rejecting the argument that the local government should promote exclusively 'local'

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68 CO 852/482/2, WAWC(CM)30, 'Licensing of Industries in West Africa', 9 Dec 1943.

69 CO 852/509/15, WAWC(CM)4, 24 Feb 1943.

development, and underlining his preference for a mixed development strategy:

> Whatever may be post-war policy with regard to encouraging the development of secondary industries it seems improbable that it will take the form of limiting development to any single undertaking or institution, even of governmental character, with the consequence of drastic restriction or prohibition of competitive enterprises irrespective of their economic soundness[70].

Even if compatible with the metropolitan Government's future international obligations, such a policy might be criticised as a means of stifling the development of industries which might compete with British manufacturers[71].

Swinton was disturbed by Burns' response, believing it to conflict with all existing ideas on the development of secondary industries. Nor was he convinced by the argument that the Syrian proposal in this case could safely be sanctioned as it was unlikely to remain in business after the war. In his view, Burns had failed to apply basic criteria of desirability, notably whether the firm could be relied upon to follow the Government's own social and economic policy guidelines[72].

Swinton's views on controlling industrial development drew sharp criticism from the Colonial Office. Caine was particularly hostile, regarding Swinton's ideas as dangerous and arguing that it was 'fundamentally the wrong approach' to suggest that industries could only be established with government approval. He did not dispute that government might have to assume an <u>active</u> role in development by giving

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70 CO 96/775/1/31401/1941, letter to Burns, 2 June 1943.

71 Ibid..

72 Ibid., letter to K.E. Robinson, 19 Aug 1943.

special assistance to certain projects, but he opposed any system which required government's prior approval of development, believing that in practice, this would restrict, not stimulate, development. Caine cited colonies such as Hong Kong and Palestine, which had achieved some industrialisation through private enterprise unhindered by government policy. He also detected a serious underlying political consideration:

> I think, moreover, that any system of licensing in normal times would arouse the keenest suspicions that it was being used deliberately to stifle Colonial industrial development in order to prevent competition with U.K. exports[73].

Significantly, Caine argued that while economic controls might be inevitable in wartime, it would be a 'grave mistake' to contemplate any permanent extension of such controls over private initiative, and that they had, historically, operated in a negative way[74].

Implicit in Caine's position were fundamental doubts about the capacity of colonial governments to undertake wide-scale control of economic development, including industrial development. These misgivings formed the central thrust of his memorandum of August 1943, dealing in broad terms with development policy, in which Caine had argued that little progress in development could be expected from the existing machinery of colonial administration[75]. It was natural, then, that he would resist any further extensions

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73 Ibid., minute, 25 Aug 1943.

74 Ibid..

75 CO 852/588/2, 16 Aug 1943.

in the responsibilities of colonial governments, whose inadequacies he sought to indicate to his colleagues.

Caine's views drew sympathy from Dawe, who was equally critical of Swinton's proposals both on economic and political grounds:

> If, in the post-war period, we start attempting to control private enterprise by a system of Government licensing, we shall get into a real mess. On the one side we shall have the U.A.C. pressing us to use the system in one direction, while we shall be exposed to clamour from other interests to use it in another[76].

Dawe's comments suggest that the Colonial Office was anxious to avoid too close an association of the colonial authorities with specific interest groups, particularly the European firms. However, while senior officials endorsed Caine's views on industrial licensing, they were apparently unsure how best to respond to Swinton, concealing their misgivings during the Resident Minister's visit to London in summer 1943, and preferring to leave the question open for the time being[77]. Consequently, Stanley's formal response to Swinton simply commented that the Syrian brick scheme was already well under way and that it was too late to reassess the position[78].

Swinton's concern to establish clear government controls over industrial development appears to have been shared by the West African colonial governments, although, as will be suggested, their motives were different. In October 1943, The Civil Members' Committee of the West

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76 CO 96/775/1/31401/1941, minute, 27 Aug 1943.

77 Ibid., minutes by Dawe, 27 Aug 1943, and Gater, 28 Aug 1943.

78 Ibid., letter, 28 Aug 1943.

African Council agreed that a system of industrial licensing was 'essential'. The Committee favoured general legislation giving local governments 'absolute discretion' to grant or withhold licences, applicable to existing industries[79]. Swinton was therefore encouraged to request information from Stanley on licensing systems operating in other colonies[80].

Pressure on the Colonial Office for a statement on industrial licensing was simultaneously emerging from other parts of the Colonial Empire. When the East African Governors' Conference requested guidance on the subject in September 1943, Stanley decided to refer the entire question to the newly-established CEAC[81].

As with tariff policy, discussions on licensing were overshadowed by the continuing negotiations in Washington on the post-war economic order. As already noted, United States opinion favoured freer postwar trading arrangements, and the International Commercial Union then under consideration was intended to cut tariffs and to lift import and export prohibitions, a regime in which the USA was keen to secure British co-operation. This wider policy background created difficulties for the Colonial Office, which needed to decide how a system of industrial licensing, inherently restrictive, would fit into a liberalised world trading system. The issue, was whether colonial industrialisation should be encouraged under conditions of free competition, or whether local governments should retain control over

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79 CO 852/480/11, extract from WAWC(CM)29, 4th meeting, 28 Oct 1943.

80 Ibid., telegram, 9 Nov 1943.

81 CO 852/480/11, Clauson to Lockhart, 16 Nov 1943.

development so as to curb over-production and the emergence of uneconomic enterprises[82]. As Clauson admitted, there were attractions in such a system of control. The uneconomic competition and consequent failure of enterprises which might arise from unrestricted industrial development could damage the reputation of the colonial territories as a location for investment. Furthermore, licensing could be employed to ensure African participation in industrial development, by stipulating that a proportion of the capital invested in a project should be held by government, for eventual transfer to African investors. More generally, licensing was thought to be a means of controlling the <u>rate</u> of industrial development, and hence its impact on colonial societies, enabling urbanisation to be controlled through the careful location of new industries, and conditions of employment to be established. In other words, licensing would make possible planned industrial development, corresponding to parallel social and political developments[83].

Despite licensing's apparent attractions, Caine remained unconvinced. He feared that such a system would favour 'vested interests' in West Africa, particularly the European firms. Moreover, he believed that licensing was an inherently restrictive strategy, at odds with the Colonial Office's traditional policy of encouraging private enterprise[84]. Here were echoes of Caine's earlier misgivings at the possibly restrictive consequences of state-controlled

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82 Ibid..

83 Ibid..

84 CO 852/480/11, note of meeting in CO, 12 Nov 1943.

produce marketing in West Africa, which he regarded as benefitting firms such as the UAC at the expense of newcomers, such as 'Syrian' traders[85].

The Colonial Office asked both Swinton in West Africa and Lockhart in East Africa not to introduce licensing legislation until the whole question had been considered further in London[86]. However, officials soon concluded that there was no appropriate precedent for licensing which could serve as a model for future legislation, as Swinton had hoped[87]. More fundamental official misgivings emerged in a letter from Clauson to Lockhart of the East African Governors' Conference. Clauson explained that the Office was undecided on licensing, but, referring to the pre-war dislocation of international trade, aggravated by a widespread mood of protectionism, he suggested that agreement was emerging that post-war prosperity depended upon removing obstacles to trade, a process requiring concessions on all sides. Consequently, those who advocated industrial licensing, potentially a barrier to trade, would have to present a convincing case that it would generate more development than it hindered[88].

Hitherto, officials in London had concentrated on the <u>economic</u> aspect of industrial licensing, but by November 1943, the West African Department of the Colonial Office was growing restless, arguing that the question had to be seen

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85 See above, p.53.

86 CO 852/480/11, note of meeting in CO, 12 Nov 1943.

87 CO 852/480/11, minute by K.E. Robinson, 16 Nov 1943; ibid., telegram from Stanley to Swinton, 19 Nov 1943.

88 Ibid., Clauson to Lockhart, 16 Nov 1943.

in its wider, political, context. As early as April 1943, in discussions arising from the Syrian brick-making incident, the head of the West African Department, O.G.R. Williams, emphasised the political and social dimensions to the problem of government control over private enterprise, which he thought ought not be subordinated to purely economic considerations[89]. Given that during 1943, Williams and his colleagues were edging uncertainly towards a framework of long-term political objectives in colonial policy, their sensitivity to the political ramifications of economic policies under discussion elsewhere in the Office is understandable. After July 1943 and Stanley's watershed speech to the Commons, London's stated goal was self-government for the West African territories[90]. Though this goal was imprecisely defined, those officials in London most responsible for it were anxious to achieve a fusion of economic and political objectives. If the West African peoples were to be prepared for ultimate self-government, part of their 'training' must include greater involvement in local economic activities, and an opportunity for African economic self-management:

> It is widely felt that such developments will be in an important degree stultified if in the industrial sphere the African is denied a measure of responsible participation whether through ownership or management which does not in some degree correspond to his political and administrative attainments; or at any rate if political and industrial

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89 CO 96/775/1/31401/1941, minute, 29 Apr 1943.

90 On the Office's wartime deliberations on constitutional development, see Pearce (1982), chs. II and III passim; Lee and Petter (1982), pp.193-99; J. Flint, 'Planned decolonization and its failure in British Africa', African Affairs, 82 (1983), pp.389-411; and Porter and Stockwell (1987), pp.32-8.

> policy do not at least tend in the same direction.

Or, more succinctly,

> To use what are perhaps catch-phrases, economic democracy is an essential concomitant of political democracy[91].

From the West African Department's point of view, therefore, the principal policy concern was to secure the position of Africans in the region. Particularly important, it was felt, was the growing educated class, whose numbers were expected to be swollen by demobilisation. This group was likely to want to participate in economic, as well as in political life, and to seek a share in the ownership and control of industries. Economic policy, in other words, had to complement the broad objectives of political development, and this would be impossible if Africans were given a subordinate role in industrial development:

> It is politically most important that the African should be enabled to show what he can do in the creation and management of secondary industries[92].

Officials in the West African Department recognised three barriers to such development: the lack of local capital, the shortage of technical and managerial expertise and the presence of non-African competitors[93]. Officials recognised the unpopularity of the European firms, regarded as being of the 'greatest political and economic consequence', particularly since policy-makers to private enterprise to provide the major initiative in industrial development, and

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91 CO 852/482/2, draft memo. by Carstairs, 'The Control of Secondary Industries in the Colonies, with special reference to East and West Africa', 21 Nov 1943.

92 CO 852/480/11, note of meeting in CO, 12 Nov 1943.

93 CO 852/482/2, draft memo. by Carstairs, 21 Nov 1943.

only non-African enterprise seemed to possess the necessary resources[94]. As Carstairs observed,

> The European firms themselves, and in particular the United Africa Company, have however much odium to live down... There is a suspicion of the United Africa Company in West Africa which is so strong and so widespread as almost to constitute a mass neurosis[95].

All these considerations, especially the presence of the European firms, convinced the Department of the need for machinery in West Africa to control the development of industry:

> It is to my mind essential that - if it is humanly possible - industrialization should not be allowed to develop in W.Africa in ways that are likely to prejudice our policy of encouraging + training the West Africans for ultimate self-government, however remote that goal may be at present. This seems to imply inevitably some form of regulation of the development of industrialization for which Government must bear the responsibility[96].

While there was little argument within the Colonial Office on this problem, opinions differed on its significance for policy on licensing. The divide separated those, for example in the West African Department, who saw a government-controlled licensing system as the best means of securing wider opportunities for African entrepreneurs in the face of European and Syrian competition, a concern grounded ultimately in <u>political</u> considerations, and those, like Caine, who sought to emphasise the <u>economic</u> difficulties posed by government regulation. Caine was worried at the direction which official discussions seemed to be taking:

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94 Ibid..

95 Ibid..

96 CO 852/482/2, minute by O.G.R. Williams, 27 Nov 1943.

> I myself am quite unconvinced of the urgency of the enactment of any licensing legislation, either in East or West Africa, because it seems to me that, in any event in war-time, Government can in practice control any substantial industrial development through its powers of control over the import of machinery and other war-time regulatory powers.

What was needed, he believed was more discussion and thought on how to promote, not control, development[97].

Meanwhile, Swinton grew impatient for a response from London, especially after the Syrian brick-makers incident at Accra[98]. He argued that government should promote planned industrial development, which was possible only if it could control development through a licensing system, for which he volunteered a detailed justification. He believed that licensing would ensure that government could approve those European firms which wanted to develop industries, and satisfy itself that these firms acted as partners in overall development plans. Similarly, governments would be able to control the location of new industries, relating them to local primary production, and to control the scale of development, protecting village industries where this was desirable on social grounds.

Swinton denied that a policy of government control need be restrictive; rather, he thought, its purpose was to encourage development. He had originally envisaged licensing as applying only to large-scale industry, but believed that in West Africa the Syrians were attempting to 'muscle in' on village industries, threatening the plans of colonial

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97 Ibid., minute by Caine, 25 Nov 1943.

98 CO 852/480/11, telegram from Sandford to Robinson, 23 Nov 1943.

administrators for African social development[99]. He concluded stressing that the Civil Members' Committee agreed with him, that West Africa required a general system of licensing, which would not require differentiation between large- and small-scale industries, and would permit 'undesirable' industries to be excluded. The advantage of a general system, he thought, would be its flexibility, and the information which it would provide to those responsible for planning on the course of industrialisation[100].

Swinton's arguments for licensing were apparently different from those used by advocates of such a policy within the Colonial Office. For Swinton, the key point was to deal with the alleged 'Syrian' problem, and here he was supported by the European firms, anxious to suppress any possible competition in West Africa. It was almost as an after-thought that Swinton argued that licensing would assist in promoting African enterprise. Given Swinton's strong views on the need for a constructive partnership between government and the European firms, it seems that he saw an African contribution to development as a remote possibility.

For the West African Department, the position was entirely different. Here, the chief argument for licensing was the problem surrounding the European firms:

> The violent and universal suspicion against these firms which at present exists creates an atmosphere in which industrial development is hamstrung and paralysed. Our object must be to break down this suspicion and that can only be done by showing that the Governments

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99 CO 852/482/2, WAWC(CM)30, 'Licensing of Industries in West Africa', 9 Dec 1943.

100 Ibid..

> are the masters. This can only be achieved if the Governments are able to exercise control and licensing seems the simplest and most effective means[101].

In other words, officials in London believed that it had become politically necessary for local governments to demonstrate to the populations of West Africa their ability to control the region's economic development. While Swinton appeared insensitive to the political dimensions of development, these formed the touchstone of the West African Department's outlook.

Whereas Caine felt that the European firms welcomed the licensing proposal precisely because it would benefit them, Andrew Cohen doubted that licensing would favour, because so many colonial officials in West Africa shared the local population's anti-firm sentiments[102]. Cohen, who throughout the reconstruction debate championed a greatly enhanced developmental role for the state, saw the basic problem in West Africa as being the strained relationships between the colonial governments, the local populations and the European firms. He shared the West African Department's view that a system of licensing was necessary to demonstrate that it was the colonial authorities, and not the firms, which controlled the region's economic life. He conceded, however, that licensing was an essentially negative device, which government would have to supplement with positive measures to assist development[103].

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101 Ibid., minute by Cohen, 31 Dec 1943; ibid., minute by O.G.R. Williams, 4 Jan 1944.

102 CO 852/482/2, minute, 31 Dec 1943.

103 CO 990/16, CEAC(Industry), 1st minutes, 2 Mar 1944.

When the CEAC eventually discussed licensing, its conclusions resembled Caine's closely. The Committee was unhappy at the prospect of restrictive legislation, and uneasy about the way such controls would be implemented. CEAC's principal objection, like Caine's, was that a licensing system would in practice obstruct industrial development. Where licensing was considered desirable, however, the Committee believed that it should apply only to certain scheduled industries agreed by the Colonial Secretary.

There were four cases which CEAC thought might warrant licensing: first, where a potentially economic industry required initial protection; secondly, where without some control, excess productive capacity was likely to develop; thirdly, where locally-owned industries had to be shielded in the wider interests of the territory; and finally, in order to control the location of industry. The Committee saw the purpose of licensing as being to ensure for the local population the maximum return from their labour and resources. Appreciating the issue's importance, the CEAC recommended that the power to grant a licence should rest in an 'impartial' authority, and that disappointed applicants should have the right of appeal. Furthermore, it was felt that licences should be granted for a fixed, but renewable, period, and should be revocable at any time[104]. CEAC's final verdict was therefore a rejection of Swinton's call for a general system of licensing[105]

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104 CO 852/578/5, CEAC(44)21 (Revised), 'Industrial Licensing', 31 Mar 1944.

105 CO 852/574/5, Saving from Stanley to Swinton, 13 Apr 1944.

Swinton was dismayed by the Committee's conclusions. He recognised, however, that since the question of licensing was not related directly to his ministerial remit to co-ordinate the war effort in West Africa, the final decision must rest with Stanley. He added:

> I must, however, make it plain that I could have no part in a plan which, while purporting to accept the principle of licensing, was hedged round with so many conditions and restrictions that I honestly felt it would not work[106].

To reinforce his case, Swinton claimed that licensing was desirable in the interests of the African population, a view he said his staff at Achimota shared. Furthermore, the problem remained that those responsible for planning found it difficult to ascertain what industries were being started in West Africa. As an alternative to licensing, Swinton therefore proposed a scheme of industrial registration. The information which this would provide, he argued, was essential to effective taxation and labour policies, and to planning necessary basic services. Furthermore, Swinton believed that this would help in tackling the Syrian problem, by revealing this group's activities in West Africa[107].

The West African Civil Members' Committee shared Swinton's view that there would be little point in pursuing a licensing scheme on the lines advocated by CEAC, owing to the lack of necessary information, favouring instead a system of industrial registration[108]. Accordingly, the

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106 Ibid., Swinton to Stanley, 17 May 1944.

107 Ibid..

108 Ibid., WAWC(CM) 6th meeting, 6/7 July 1944.

colonial governments of West Africa set about the problem of defining an 'industry' for these purposes[109].

Swinton discussed the entire question further with Stanley in London in August 1944. Stanley, who now disclosed misgivings over CEAC's recommendations, said that he would agree to a system of registration, though this would not fulfil the same functions as licensing. Stanley subsequently arranged for CEAC to reconsider the question with Noel Hall, Swinton's Development Adviser[110]. The outcome was an agreement that the authorities in West Africa should work out their scheme for industrial registration[111].

Vehicles for growth: development corporations

However, the momentum behind the official debate on licensing/registration seems to have dissipated by summer 1944, by when attention focussed increasingly on promoting, rather than simply controlling, development, and specifically on the possible role of development corporations. For the remainder of the 'reconstruction' period, references to licensing are sparse. Early in 1946, the Governors of Kenya and Uganda showed enthusiasm for such a system, believing that it was essential to orderly industrial development[112]. In West Africa, however, interest apparently lapsed. Early in 1946, when the Nigerian Government's doubts about factory development were being

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109 CO 554/139/33718/1/1944, note of discussion between Stanley and Swinton, 2 Aug 1944.

110 Ibid..

111 CO 852/574/5, CEAC 6th minutes, 29 Aug 1944.

112 CO 852/586/11, CEAC(45)72, Third statement on action taken on Committee's Reports, 11 Jan 1946.

discussed in the Colonial Office[113], it was suggested that the territory might need a licensing system in order to avoid the unwelcome side-effects of industrialisation[114]. Caine, however, maintained his opposition, arguing that in view of recent evidence of the Nigerian government's hostility to industrialisation, it would be a mistake to make the government responsible for controlling development[115]. A new counter-argument posed by Caine was that the United States might insist on participating in any licensing system in Nigeria, an opportunity for interference in colonial policy which it can only be assumed would have been unwelcome to officials and politicians alike in London.

By the time that officials in London had sealed the fate of Swinton's licensing proposals, they had already begun to examine closely the measures and machinery necessary to promote industrialisation actively. The idea of devising machinery to facilitate a partnership between private enterprise and the state was not new, having been a recurring theme in earlier, more nebulous discussions on colonial development. An important breakthrough came with Caine's memorandum of August 1943. In this, he discussed the possibility of establishing a body which, while commercial in form, would not be constrained to operate in a purely commercial way, that is, a company acting as the agent of government. Caine saw many attractions in a body enjoying the 'comparative freedom of a commercial concern'. In particular, it might undertake the 'economic prospecting'

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113 See above, ch2, pp. 172-4.

114 CO 852/574/10, minute by Monson, 31 Jan 1946.

115 Ibid., minute, 6 Feb 1946.

increasingly seen as essential to successful development in a relatively informal way made possible by its quasi-commercial character[116].

W.A. Lewis, even before entering the Colonial Office, had speculated on the value of government-controlled corporations, which could work with local and external interests in the larger colonies to promote industrial schemes which private enterprise might be unwilling to undertake alone. An alternative suggested by Lewis was the formation of a single, centralised corporation, based in London[117]. Similarly, Andrew Cohen complained that official discussions on promoting industrial development tended to minimise government's role. At the height of the Office's discussions on industrial licensing, Cohen suggested the formation, with government finance, of a large development company, which could co-operate with private enterprise in specific projects[118].

At least initially, the West African governments were interested in promoting industry through new forms of organisation, at this stage often still termed 'development companies.' These were mentioned, for example, in the Gold Coast outline development plan of July 1944, by which time the Nigerian government was also understood to be considering similar machinery[119]. Sustained discussion began in August 1944, shortly after the Nigerian government

116 CO 852/588/2, 16 Aug 1943.

117 CO 990/2, CEAC(44)15, memo. by Lewis, 'The Development of Secondary Industry in the Colonial Empire', n.d..

118 CO 852/482/2, minute, 23 Nov 1943.

119 CO 96/781/2/31475/1944, minute by Carstairs, 11 Oct 1944.

suggested the creation of an Industrial Development Corporation. This proposal was discussed when Swinton was in England during summer 1944. Early in August Noel Hall explained that both the Nigerian and Gold Coast Governments were considering the possible role of development corporations in promoting industrial development. At this stage, explained Hall, their projected role was still modest, involving the provision of managerial assistance to subsidiary firms; they would not necessarily be prominent in financing development. The principal advantage of machinery of this sort was the control it would give colonial governments over development.

Swinton, who assumed that successful development would depend on the European firms rather than on the entrepreneurial skills of the colonial state, feared that a development corporation might find itself financing 'unsound' schemes. Stanley, however, argued that in West Africa, government was the <u>only</u> agency which could provide facilities for small industrial developments, and rejected as impracticable Swinton's suggestion that local co-operatives or the Native Administrations were suitable vehicles for such intervention.

These discussions raised a deeper problem: how could existing private enterprise in West Africa be integrated into the proposed machinery? Politically, it was desirable to ensure government control if the European firms were involved in any development corporation[120]. It fell to Cohen to produce a paper on development corporations in West Africa. Assuming that government policy was to encourage

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120 CO 852/578/8, note of discussion in CO, 2 Aug 1944.

private enterprise to participate fully in development, Cohen noted that only the large European firms had the necessary financial resources and expertise, and that rapid post-war development largely depended on them. However, the 'intense political suspicion' in West Africa towards the firms, shared by Africans and colonial administrators, threatened to handicap progress:

> This suspicion has created a form of economic paralysis which has been serious enough in the past, but is likely to be even more serious in the future when the need for development will be so much greater. It must be the aim of economic policy to put an end to this state of affairs[121].

As with industrial licensing, Cohen highlighted the political dimension to the promotion of development. The problem hitherto, argued Cohen, was that governments had lacked the machinery they needed to take a guiding and controlling role in economic development. Inevitably, this had fuelled African fears that big business, and not government, controlled the colonial economies. In turn, this had created tensions between government and business, hindering the co-operation between them which development required. Cohen concluded that local governments needed machinery with which they could formulate general economic policies, and control private enterprise in the public interest. However, this machinery should not stifle private initiative, but should demonstrate to African opinion that government was the 'controlling partner'.

One solution, thought Cohen, was the development corporation, at least half of whose finance should come from

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121 Ibid., 'Development Corporations in West Africa', Aug 1944.

local governments, either from their own revenues or reserves, or from CD & W funds. Commercial banks, but not the European firms, should also be encouraged to invest. While he expected local legislatures to decide the broad operating policy of the corporations, Cohen believed the latter should be run on commercial lines. He did not foresee the corporations undertaking projects themselves, but saw them operating through subsidiary companies, perhaps in partnership with the European firms. However, the corporations would keep overall control through the capital structure of their subsidiaries, and through the appointment of directors. Cohen emphasised the importance of flexibility in this mechanism, explaining that the degree of involvement by the corporations would vary from case to case. He believed that the development corporation met the two basic objectives revealed by recent official discussions: control over development, where necessary, and promotional machinery, especially where external finance and managerial skills were needed. Echoing earlier arguments over industrial licensing, Cohen claimed that development corporations would not be restrictive, but would facilitate government co-operation in development. A final problem he identified was that the corporations would require highly qualified and experienced staff, and that to complement these, local governments would need adequate economic departments with appropriately qualified staff. Here, Cohen believed that governments' wartime experience should be drawn upon[122].

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122 Ibid..

Although the development corporation was proposed as a solution both to the problems of encouraging and of controlling development, it was unclear in summer 1944 that co-operation in this sort of machinery would appeal to the European firms, who stood to lose their freedom to direct their own activities as they saw fit[123]. The Colonial Office discussed whether attempts should be made to establish a closer, more co-operative relationship with the European firms. It was clear to officials that private capital's role in development was going to be vital. The European firms, the major source of private capital in West Africa, were understood to have accumulated large sterling balances during the war which would require investment opportunities. Because the Office sought to draw upon the firms' capital and expertise, and because it was thought, from the previous discussions on licensing, that the firms were waiting for government to take the lead, it seemed necessary to establish good contacts with them, especially with their headquarters in London. As one official commented:

> If nothing is done to secure the good will and co-operation of the firms, I am afraid we shall be guilty of driving British capital out of the Empire[124].

Cohen was optimistic that if government seized the initiative, the firms would co-operate in a way which left the state in overall control of development, which was politically essential[125]. Caine, too, favoured discussions

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123 Ibid., minute by Carstairs, 21 Aug 1944.

124 CO 852/588/10, memo. by F.J. Pedler, 'Planning of Development in the Colonies. Consultation with Business Houses', 10 Aug 1944.

125 Ibid., minute, 11 Aug 1944.

with the firms, not only so that the Colonial Office's own planning would be better informed, but also to avoid giving the impression that the firms were being excluded from development. Not for the first time, Caine warned that post-war conditions, possibly including high rates of taxation, were not going to make the encouragement of private enterprise any easier. He feared a possible tendency to leave the initiative in development entirely to government:

> I am more and more persuaded that it would be disastrous to get into a frame of mind in which everything had to be done by Government, however attractive that may appear to certain schools of political thought[126].

In September 1944, Stanley reminded the African Governors of the importance of private, as well as public, enterprise in development, and suggested that the private component might often be the largest, adding

> The greatest success must be expected to come when the use of Imperial or Colonial money as pump priming induces a substantial private investment.

For this reason, local governments had to understand the firms' objectives, and obtain the firms' good-will and co-operation. Stanley explained that he was encouraging informal contacts between the firms' head offices and the Colonial Office, to improve the relationship between the firms on the one hand and the colonial governments and populations on the other[127].

It is unclear whether these approaches were made. No record survives of the presumably numerous informal contacts between officials and commercial employees. That these were

126 Ibid., minute, 14 Aug 1944.

127 Ibid., despatch to African Governors, 29 Sept 1944.

an important part of the relationship between the Colonial Office and the firms is suggested by the apparent redundancy of the Office's Business Adviser, Sir Clifford Figg, who was appointed in September 1939, but was not apparently involved in discussions on this sensitive question. His post was allowed to lapse in September 1945[128].

The idea of improving the machinery for investment and development was strengthened by events in Britain during 1944. In October 1944, the Cabinet Reconstruction Committee approved the Board of Trade's proposal to establish two finance corporations to help fill gaps in the domestic arrangements for financing industry, gaps perceived as early as 1931 by the Macmillan Committee. The first corporation, to be financed jointly by the Bank of England and the clearing banks, was to supply investment capital to small businesses. The second, to be funded by the City and by insurance companies, would supply finance for industrial reorganisation. Together, the corporations would have assets of L30 to L40 millions, to be increased through borrowing to between L110 and L165 millions. Interestingly, in the context of discussions on raising finance for colonial development, neither of the two new domestic corporations was to receive state capital[129].

The Colonial Office's discussions on possible forms of new development were not limited to officials, but included contributions, sometimes unsolicited, from members of CEAC, to which the Office had not yet referred the question of development machinery. Among the proposals made by the

128 Shuckburgh I, p.21.

129 CAB 87/9, R(44)174, 19 Oct 1944.

Committee's more radical members was one that a commission of industrial experts be sent to investigate possibilities in the colonies and to produce development plans. While this proposal was for an executive body, a problematic suggestion in view of the delicate relationship between local governments and London, evident from earlier official discussions on the creation of a Development Commission for West Africa, there was nevertheless sympathy in the Colonial Office for the idea of expert investigation of the colonies' industrial potential as a prelude to development planning[130].

A subsequent proposal, made by the increasingly dissident members of CEAC's Agenda Sub-Committee, was for industrial experts, recruited in Britain, to be sent to the colonies as an investigative commission. Having assessed an area's potential, this body could become a permanent agency, with executive powers to provide development infrastructures, select appropriate industries for encouragement, negotiate with industry to initiate projects, and, if necessary, arrange for their operation under government control. The Agenda Sub-Committee stressed that this work was unsuitable for civil servants or for economists without practical experience. It criticised the existing local machinery, which usually consisted of departmental representatives of the colonial governments, who, thought the Sub-Committee, could not plan boldly enough to achieve rapid development, because the necessary skills were beyond their experience[131].

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130 CO 852/578/8, minute by Carstairs, 21 Aug 1944.

When, in October 1944, CEAC sought guidance on key development issues, it asked for Stanley's views on the creation of 'new instruments for both planning and execution' in industrial development, including public corporations, possibly with executive powers independent of colonial governments[132]. Stanley replied that he favoured new instruments, such as departments of commerce and industry, and development corporations acting on a semi-commercial basis with government finance. He warned, however, that any executive powers enjoyed by these corporations would have to be determined by local governments, on London's advice[133].

Development corporations were discussed in October 1944 by senior officials in the Colonial Office and the Nigerian Development Adviser, F.E.V. Smith. Smith saw the development corporation as the 'commercially executive corollary' of the Department of Commerce and Industry which his government proposed to create, but which intended to be responsible for promoting industry. He envisaged the corporation as a statutory body, part-financed by CD & W money, the remaining capital coming from the commercial sector. Like Cohen, Smith saw the corporation operating through subsidiaries in which it had a majority shareholding or voting control. It would finance desirable industries otherwise unattractive to private investors. Its ultimate aim would be to transfer these industries to the producers themselves. The corporation would investigate potential industries, and

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131 CO 852/588/2, CEAC(44)38, Agenda Sub-Committee Third Report, 'Memorandum on Planning', 14 Sept 1944.

132 Ibid..

133 CO 990/1, CEAC 9th minutes, 19 Dec 1944.

encourage their commercial development, while retaining control to prevent any 'exploitation' of the local population[134]. Nevertheless, the government's strategy was essentially facilitative, and there was no intention to supplant private capital.

When the Nigerian government's preliminary development plan was discussed in London in November 1944, Stanley supported its proposal to create a development corporation[135]. He particularly favoured the establishment of state corporations, believing there was 'very considerable suspicion of the outside capitalist and a very strong desire to see that development is definitely Nigerian'[136].

The Gold Coast government's Economic Adviser, Richardson, was similarly interested in development corporations. He acknowledged the need for a 'central nucleus body' to help promote industries, by supplying finance and expertise. However, he believed that the corporation's working capital should come from commercial sources, to avoid any local suspicion of government interference[137].

Interest in the potential for development corporations in West Africa and elsewhere was not confined to officials in London and at the periphery. For example, in October

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134 CO 852/578/8, note of meeting in CO, 24 Oct 1944; CO 583/271/30572/1944, note on 'Nigeria Development Plan', Nov 1944.

135 CO 583/271/30572/1944, note of meeting in CO, 6 Nov 1944.

136 CO 852/578/11, letter to Goodenough, 15 Feb 1945.

137 CO 852/578/8, note of discussion between Carstairs and Richardson, 6 Dec 1944.

1943, Sir Raymond Streat, Chairman of the Cotton Board, suggested to representatives of the Colonial Office and the Board of Trade that an investment corporation, financed by Lancashire and London, might be created to participate in officially approved schemes of development, especially projects involving cotton textiles industries. This corporation would be composed of large firms which were potential investors. Its aim would be to achieve co-ordinated action among interested Lancashire firms[138]. Having had no response after a year, Streat raised the subject at a meeting with Board of Trade officials. He regretted the lack of progress with his suggestion, and believed an investment corporation would enable Lancashire to participate in textile development schemes such as that currently being made by the UAC in Nigeria[139]. Streat persisted, although he understood that his plan raised questions of high policy, and risked hostility from sections of the Lancashire cotton industry[140].

The Colonial Office had remained non-commital towards Streat's ideas. Eventually, in March 1945, the Office explained its concern about possible suspicion in the colonies that the true purpose of Streat's investment corporation was to stifle local textile development, and to ensure that any development would benefit British capital

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138 CO 852/482/4, note of discussion in CO with representatives of Cotton Board and Board of Trade, 14 Oct 1943; Streat had mentioned the idea during an informal discussion with Stanley on 28 July 1943, see Dupree (1987), Vol.II, pp.138-41.

139 CO 852/574/6, note of meeting in CO, 26 Oct 1944.

140 CO 852/578/7, Helmore (Board of Trade) to Caine, 29 Jan 1945.

rather than the local populations. Caine thought this suspicion might be allayed if the corporation had a broad range of financial backers, rather than being associated with a particular industry. It was considered important to allow the formal initiative, for example in any approach to Lancashire, to come from the colonies themselves. Hence the Colonial Office's preference for an informal relationship with Lancashire interests. In any case, the development of colonial cotton industries would involve consultation with the Board of Trade, and hence, indirectly, with the British cotton industry[141].

If the Colonial Office hesitated over proposals from Lancashire, it was more receptive to a scheme for a development corporation put forward by Barclays Bank (Dominions, Colonial and Overseas) Ltd.. In November 1944, Sir William Goodenough, Chairman of the Bank and a member of CEAC, told Caine that he perceived scope for an industrial development corporation in Nigeria. Aware of the discussions on the subject within the Colonial Office, Goodenough was anxious to clarify the boundary between the public and private spheres of interest. In his view, the state's

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141 CO 852/578/7, minute by Caine, 12 March 1945; ibid., J.R. Willis (BoT) to Carstairs, 16 March 1945; after an earlier interview, Streat confided to his diary his mounting frustration at official responses to his proposals:

'I said altruism was a fine thing and also purity of motive: but surely in a practical world we should keep our feet on the ground. Were we to be so discreet as to abandon export trade first and then any direct interest in the economic activities of the colonies? The Yankees would slip in and do the job whilst their politicians and journalists kept up a barrage of condemnation against Britain's alleged imperialism. We had, in fact, quite a hot debate. Conclusion - all concerned to think things over' [in Dupree (1987), entry for 8 Mar 1945, p.252].

function in development should be limited to providing services. Goodenough also questioned whether a development corporation could work through subsidiaries, fearing that this might involve the corporation in unanticipated activities and even controversy, for example over the timing of the transfer of subsidiary companies to private enterprise. He thought it important to maintain the principle that equity interest should normally be provided by private sources, since if subsidiary companies held the equity,

> then it seems to me that this would be tantamount to setting up the economic machinery of a totalitarian state, which I venture to suggest is a highly debatable issue.

Moreover, Goodenough feared that a powerful government-controlled corporation might encourage unrealistic expectations, although he believed that a corporation could do much in the exploratory and research fields. One problem he foresaw was that future Treasury retrenchment might embarrass a mainly publicly-operated corporation. Goodenough advocated the maximum use of private capital in development, arguing that a government corporation should seek to create conditions to attract it[142].

Barclays' own plans for a corporation became clearer in January 1945. The Bank, whose assets expanded substantially during the war, was dissatisfied with the existing financial organisation in the colonies, particularly West Africa, which it judged especially weak in providing the long-term finance necessary for development. Barclays therefore proposed to establish a development corporation with

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142 CO 852/578/8, letter to Caine, 30 Nov 1944.

authorised capital of L5 million which the Bank would provide. The bulk of the corporation's business was expected to be colonial, but this would not preclude involvement in the Bank's most important regions of operation, South Africa and Egypt. The corporation's staff would initially be recruited internally, although local representatives could also be included. Barclays expected development to be gradual, and claimed to expect no profits for 'several years', but rather initial losses[143].

The Colonial Office responsed warmly to Barclays' scheme condidering it a useful supplement to the machinery already under discussion. The Treasury, while sympathetic, queried whether such a venture should be operated by a single bank. Caine, however, argued that no other bank had shown a similar interest, and that attempts to persuade other banks to participate might delay the entire project[144]. Sir George Gater added his endorsement of the scheme to Caine's, and Stanley's reaction was also encouraging. He saw room for both private and public enterprise, and thought that their respective spheres of activity would emerge naturally. However, he felt that Barclays' corporation should co-operate with any government corporation, in order to avoid duplicated effort and competition, and hoped that Barclays would recognise the need to secure local participation. He also suggested that Barclays' corporation might be less active in territories with their own government corporations[145].

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143 CO 852/578/11, minute by Caine, 16 Jan 1945.

144 Ibid..

Goodenough's reply satisfied Stanley that Barclay's organisation would accord with the Colonial Office's objectives. It would welcome liaison with a public corporation, work within the officially-defined framework of development and accept the Office's guidance. Goodenough explained that he saw private and public enterprise as distinct but complementary, and recognised the political aspect of development and the need both to co-operate with colonial governments and to encourage local participation[146].

In Caine's view, Barclays' thinking was close to the Colonial Office's. When the Bank of England suggested that other banks should be involved in the scheme, and that Barclays might be trying to gain an advantage over their competitors, Caine defended Barclays, arguing that it would be wrong to 'stifle an enterprise merely because it may result in the enterprising firm doing better than the unenterprising[147].'

By March 1945, the Treasury had approved the project understanding that the new corporation would consult both it and the Colonial Office on policy matters, and that its beneficiaries would not be confined to Barclays' existing clientele, a condition readily accepted by the Bank. The desire for close liaison stemmed from the Treasury's concern about the absorption of the colonial sterling balances, and about the control of overseas issues generally. In response

145 Ibid., minute by Gater, 30 Jan 1945; Stanley to Goodenough, 15 Feb 1945.

146 Ibid., letter to Stanley, 19 Feb 1945; minute by Stanley, 20 Mar 1945.

147 Ibid., minute, 22 Feb 1945.

to the Bank of England's continuing misgivings that other banks with colonial interests were not to participate, Barclays explained that because of their 'substantial' surplus in reserves, they were well placed to engage in development through a subsidiary, which, once established, could borrow from other sources. The corporation would be empowered to engage in all kinds of business, and to make medium- or long-term loans. Its operations would be run from London, an arrangement believed to be a more economical use of skilled personnel. Barclays also assured the Bank that it would provide for local participation in the corporation, possibly including other local banks in the territory concerned[148]. These assurances satisfied the Bank, and by late August 1945, Barclays could tell the Colonial Office that they were ready to proceed. Barclays' had received the Treasury's rather sombre approval: 'Go ahead but you must realise that the responsibility is on you and is not shared by any Government Department'. Gater echoed this warning, but Goodenough hoped for continuing co-operation with the Colonial Office[149].

The direction of development: central versus local control

While the details of Barclays' scheme were being clarified, the Colonial Office was addressing the broad issues raised by the establishment of development corporations, and re-examining its own position. The Office had postponed a decision on the earlier Cotton Board plan,

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148 Ibid., minute by Caine, 13 Mar 1945; memo. by Barclays Bank (DC & O) Ltd. for Bank of England, 'Colonial Development Finance', 24 Apr 1945.

149 Ibid., minute by Monson, 1 June 1945.

pending both CEAC's discussions on industrial development and the Office's own consideration of the proposals already mooted. By early 1945, there was a growing awareness that official views on the subject of development corporations needed sharper definition. Caine's initial interest in the Cotton Board's scheme had given way to doubts. Much had happened since Streat's original suggestion late in 1943, including the Barclays' proposal. Moreover, the Colonial Office was determined to give any new development machinery the 'strongest possible' local flavour, and to avoid any appearance that it would be controlled by British financial interests. Hence the Cotton Board's proposal, dependent on joint investment by Lancashire and the City, seemed less attractive, as the motives for creating Streat's investment corporation were open to misinterpretation. Instead, the Colonial Office had become interested in locally organised corporations in individual colonies, controlled by government, and playing a substantial, though not necessarily exclusive role in development[150].

During the second reading of the CD & W Bill in February 1945, Stanley mentioned the possible role of development corporations, run by local governments, in providing capital and managerial expertise for development. He also suggested an alternative, in which governments could collaborate with external investors to initiate new enterprises, eventually transferring full responsibility for them to private enterprise[151]. Stanley, whose Lancashire

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150 CO 852/578/7, minute by Caine, 5 Feb 1945; ibid., Caine to Helmore, 15 Feb 1945.

151 PD(C), 407, cols.2092-2188, 7 Feb 1945.

connections were strong, had been anxious not to discourage the Cotton Board's initiative, but for wider, policy reasons he did not want the Colonial Office to become embroiled in it. The key point, arising from the local political implications of development, was that the Office wanted to secure the co-operation of British capital and managerial skill, but in a form which would not stifle the growth of local capital and entrepreneurship, the importance of which had already emerged during the lengthy official discussions on industrial licensing. This sharpening official concern to give new development machinery a genuinely <u>local</u> character seemed to demand an emphasis on promoting local development corporations, rather than bodies organised in Britain[152]. Hence, in his circular despatch on manufacturing industry of February 1945, Stanley advocated corporations, operating commercially but with government capital, as the executive organs of the proposed local departments of industry, to assist in the investigation and promotion of new industries[153].

Early in 1945, the Colonial Office still preferred not to refer the development corporations proposal to CEAC, partly to allow time for local governments' attitudes to be studied, and partly to enable the Committee to gain experience[154]. The Colonial Office's internal discussions were taken a stage further with a memorandum written by

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152 CO 852/578/7, minute by Caine, 15 Feb 1945.

153 CO 852/578/6, circular despatch, 'The Development of Manufacturing Industries', 27 Feb 1945.

154 CO 852/587/9, minute by Caine, 9 Mar 1945; minute by Clauson, 26 Mar 1945; Caine to Sir Harold Howitt, 28 Mar 1945; Howitt to Caine, 6 Apr 1945.

Carstairs which analysed the general factors affecting the nature and rate of industrial development, and the potential contribution of development corporations. Carstairs concluded that development corporations could be useful in reviewing matters such as raw material supplies, markets, capital, labour and expertise, and the relationship between them, from the single standpoint of industrial development.

A major obstacle to development identified by Carstairs, and one not previously obvious in official discussions, was the inadequacy of local financial machinery, especially for providing fixed or working capital. Carstairs thought it probable that only government initiative and participation could overcome the absence of a developed system of local issuing houses. The existing inadequacies could be met, he suggested, either by government credits, or by a system of government guarantees for bank loans. In either case, machinery would be needed to examine applications for help.

Besides the question of finance, Carstairs addressed the equally important problem of harnessing the expertise required to bring together capital resources and 'sound' industrial projects, a question inseparable from the need for entrepreneurship, judged by most officials to be absent in the colonies. Carstairs concluded that government would have to act at least as a 'catalyst', and sometimes carry through whole operations by providing capital and technicians and by initiating projects. He also concluded that many of these needs could be met by establishing an industrial development organisation able to perform four main tasks. First, it could survey the industrial potential of a given area, investigating questions such as raw material and labour supplies. Secondly, it could arrange to fill gaps detected in the factors of production, for example by providing skilled personnel, or by training personnel. Thirdly, the corporation could supply the missing entrepreneurial element by assuming a managerial role in selected projects, prior to their transfer to local managers. Finally, it could arrange for the supply of capital. Carstairs did not intend his proposed corporation to have a monopoly over industrial development in an area: rather, it could encourage further private development, eventually becoming an information source rather than an active agent[155].

Carstairs advocated locally organised and controlled development corporations. This model, attractive to the Colonial Office on political grounds, assumed that local governments would themselves take the initiative. Certainly, late in 1944, it had seemed as though the governments of Nigeria and the Gold Coast were interested in creating industrial development corporations. Yet by mid-1945, the Colonial Office had made little progress in inducing the governments to explore the subject deeply. Little more, for example, had been heard from Nigeria about the development corporation mooted in the Government's development plan of October 1944. This suggests that Carstairs' views were personal, developed, perhaps, independently of the doubts beginning to preoccupy his 'Geographical' department colleagues. While the Colonial Office was considering

155 CO 852/587/9, CEAC(Industry)(45)22, enclosure 1, memo. by C.Y. Carstairs, 'Development Corporations', (n.d.).

Barclays' scheme, the Nigerian government indicated its interest in the proposal and its belief that the new corporation might be a useful source of development funding. Officials in London, however, saw no reason why Barclays' scheme should delay the Nigerian government's consideration of a corporation of its own[156].

As already suggested, the Nigerian government's interest in industrialisation began to wane late in 1944, with Governor Richards stating that large-scale industrial development was not envisaged. Early in 1945, the government was busy shaping its policy on fostering a peasant textile industry, the plans for which were announced in April. As described in chapter II, the Nigerian government was, by spring 1945, placing ever more difficult constraints on factory development, affecting particularly the UAC's textile scheme, apparently because of official fears at the threat of rapid urbanisation[157]. Given these reservations about industrialisation, it is not surprising that the Nigerian government apparently lost interest in forming an industrial development corporation.

Nor was the situation in the Gold Coast very encouraging. Replying to Stanley's despatch on industrial development of February 1945, the Gold Coast government dismissed the idea of forming an industrial development corporation, though it had formed an Industrial Development Board to assist promising local industries[158]. It has

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156 CO 852/578/11, Smith (Nigeria) to Caine, 23 Mar 1945; ibid., Caine to Smith, 29 Mar 1945.

157 See above (Ch.II), p.65f

158 CO 847/36/2, summary of replies to circular despatch of 27 Feb 1945, (n.d.).

already been noted that the Industrial Development Sub-Committee of the Gold Coast Economic Development Committee concluded in May 1945 that the scope for developing secondary industry in the territory with state assistance were limited[159]. Although the Sub-Committee identified some instances of development, such as textiles and furniture-making, which it thought merited government assistance, the overall conclusion was that 'none of these projects needs anything like an Industrial Development Corporation'. However, it was felt that a government agency of some sort was required to help initiate and consolidate such industries before their eventual transfer to private enterprise. No existing government department appeared competent to do this, and it was considered that

> the projects should not be put in hand unless they are seriously undertaken and not left as a part-time side-line of some enthusiastic individual,

probably an oblique reference to Meyerowitz of the West African Institute, whose vagaries had begun to irritate officials. Instead of a development corporation, the Sub-Committee favoured an Industrial Development Board, operating under commercial, rather than government, principles of accounting[160].

An even more fundamental question raised by proposals to establish development corporations was whether local governments were capable of devising novel forms of development machinery. Officials in London already harboured

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159 See above (Ch.II), p. 163 f.

160 CO 554/139/33718/1/1944, minute by Creasy, 7 Sept 1944; CO 852/587/9, enclosure 1 to CEAC(Industry)(45)21, 'Report of Industrial Development Sub-Committee, Gold Coast', May 1945.

serious doubts about the ability of local governments to play a dynamic role in promoting development. Evidence from the periphery to justify these doubts reached the Colonial Office at an accelerating rate after 1943, undermining what remained of the traditional orthodoxy, still apparent in Carstairs' memorandum, that the initiative in development should be left with the colonial governments. A paradox consequently arose: on political grounds, it was desirable to foster development with an obviously 'local' flavour, minimising the danger of allegations that the colonial economies were being 'exploited' by Britain; however, an equally pressing concern to accelerate development led officials to consider unprecedentedly centralist solutions, eventually expressed in the plan for a single development corporation based in London.

Unease in the Colonial Office at the capabilities of the West African governments resurfaced following the despatch of Stanley's memorandum on West African planning in August 1943. Governor Burns replied that he proposed to establish a central planning committee for the Gold Coast, over which he would preside, to consider and co-ordinate development plans[161]. The reply from Governor Richards of Nigeria was less encouraging. While a Development Branch had been established in the Secretariat in May 1943, together with a central Advisory Committee on Economic Development and Social Welfare which had drawn up a programme including industrial development, Nigeria complained of an acute shortage of staff to engage in development planning. The so-called 'Development Branch' in fact consisted of one

161 CO 554/132/33718/1/1943.

officer. In Richards' view, these staff shortages were a major constraint on the territory's reconstruction planning[162].

In London, Cohen considered Richards' despatch 'a depressing document'. He felt that the Gold Coast government, despite similar staffing problems, had made 'considerable' progress with post-war planning (what he meant by this, and what he based his judgement on are unclear), but hoped that the position in West Africa might improve with the appointment of a Development Adviser to Swinton. Meanwhile, he thought that the Colonial Office should continue to discuss ways of strengthening Nigeria's development machinery[163]. Similarly, when Caine reviewed Nigeria's initial attempt to draw up a development programme, he condemned it as

> simply a collection of scraps, and shows no sign of any attempt to review the whole field of what is needed for active and reasonably quick development[164].

Resuming the theme implicit in his arguments against industrial licensing, Caine questioned the wisdom of expecting colonial governments to suggest industries suitable for development. In his view, a traditional problem had been a reluctance among local governments to experiment with industrial development, grounded in pessimism about its prospects. This convinced him that machinery was needed to determine which industries should be encouraged[165].

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162 CO 583/271/30572/1944, despatch to Stanley, 7 Jan 1944.

163 Ibid., minute, 27 Jan 1944.

164 Ibid., minute, 28 Jan 1944.

165 CO 990/16, CEAC(Industry) 4th minutes, 15 May 1944.

Strong criticism of the West African governments also came from Swinton. His experiences in the region made him sceptical of the capacity of colonial administrators to make an effective contribution to economic policy and management. He told Stanley

> the more I see of the colonial service, the more I am impressed by the number of misfits, or at any rate of men who just carry on because they are in the groove[166].

Swinton subsequently warned Stanley that he doubted the ability of the Gold Coast government in particular to undertake any new enterprise affecting the war effort. He was especially critical of the government's 'deplorable' record in cocoa production and other key sectors[167].

During 1944, however, the West African governments had begun to establish their own machinery for development planning, with an eye less to Swinton's war effort than to postwar production and the demands of demobilisation. Under the direction of F.E.V. Smith, Nigeria produced a comprehensive development plan by the end of the year. In the Gold Coast, Professor Richardson was appointed Economic Adviser to the Government, and an Economic Development Committee was established to consider post-war planning[168]. Nigeria's preliminary development plan, submitted in October 1944, seemed 'inherently sound' to Noel Hall, being calculated to encourage development by both local and external capital and enterprise. In particular, Hall hoped that the Colonial Office would agree to the proposal to

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166 Kent (1985), p.336.

167 CAB 104/257, telegram to Stanley, 14 June 1944; J.A. Cross, Lord Swinton, (Oxford, 1982), p.241.

168 Kent (1985), p.343; Shuckburgh I, p.300.

create a Development Commission or Board in Nigeria to plan and execute the development programme, providing 'drive' and checking the tendency towards 'departmentalism' and resistance to outside expertise[169]. Hall had already told the Office that he thought a Development Committee in each colony should be responsible for ensuring that industrial development opportunities were taken up in all phases of its development programme[170].

Although Stanley considered the general outline of the Nigerian plan 'excellent', for political reasons he was less keen on the proposed Development Commission, whose centralising tendency he thought might conflict with Nigeria's new constitutional proposals for greater regional autonomy. Another problem was the likelihood of calls for African 'unofficial' representation on the Commission, regarded as impracticable because there was 'no African in Nigeria capable of viewing the interests of Nigeria as a whole'[171].

The Colonial Office's continuing anxiety about local governments' grasp of development planning is also evident in London's reaction to the Gold Coast's outline plan, produced in July 1944. Governor Burns was thought not to have consulted Noel Hall before having the plan drafted, and was even thought to be sceptical towards the entire notion of planning. In one official's view, Burns was

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169 CO 583/271/30572/1944, telegram to Stanley, 30 Sept 1944; ibid., 'Nigeria Preliminary Development Plan', 20 Oct 1944.

170 CO 554/139/33718/1/1944, letter to Creasy, 7 June 1944.

171 CO 583/271/30572/1944, note of meeting in CO, 25 Oct 1944; see also Pearce (1982), pp.80-83.

'temperamentally unwilling to consider anything which takes a long time'. If this observation is accurate, it may account for the distinct lack of interest in industrialisation which became evident in the Gold Coast government's attitudes early in 1945. Burns's apparently cavalier attitude towards planning was considered particularly worrying, coming from the richest territory in West Africa: 'If investment cannot be made remunerative here then all our Empire is just a hopeless slum'[172].

Nevertheless, the progress made by Nigeria and the Gold Coast in appointing their own development staffs in 1944 was given by officials in London as one reason for not appointing a successor to Noel Hall as Development Adviser for West Africa early in 1945[173]. However, it is possible that the Colonial Office was already satisfied that rapid development would not automatically follow improvements in the region's administrative machinery (even if personnel shortages permitted this), although London had not, as yet, translated this interpretation into a frankly centralist strategy. Not until summer 1945 did clearer indications emerge that a change in the direction of policy was imminent, and even then much remained unresolved.

A final example of the weakness of local machinery was the fate of the West African Institute. Established in April 1943 with a CD & W grant of L127,000, this body was hailed as a means of investigating potential industries and providing new employment opportunities. Initial progress in

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172 CO 96/781/2/31475/1944, minute by F.J. Pedler, 29 Sept 1944.

173 <u>PD(C)</u>, 409, cols.1403-4, 28 March 1945.

fields such as textile production and ceramics, stimulated by the wartime impetus to import-substitution, had been encouraging[174]. Towards the end of 1944, attention focussed on the future relationship between the Institute's activities and action by government to promote development in West Africa. In Noel Hall's view, the Institute did not see its role as including the establishment of 'pilot' industries of a kind which could eventually be hived off, and instead had reached a more modest interpretation of its function, namely the testing of methods and materials, training and experimentation[175]. Henceforth, it was decided, the Institute should apply itself to

> economic, sociological and technological experimentation and enquiry rather than to day to day supervision of quasi-commercial units and the management of a relatively large labour force.

This, it was hoped, would make the Institute's staff more mobile and available to give specialist advice throughout West Africa[176]. By mid-1945, problems with the Institute were more obvious. It was felt in London that the Institute had 'never really got going', chiefly because of its staffing problems. This had been aggravated by the 'contempt' in which Nigeria's Development Adviser reportedly held the Institute. Furthermore, Nigeria's own experimental peasant textile industry depended heavily on specialist advice from the Institute's textile officer, and Burns

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174 CO 554/130/33685/1943, ACEC (Advisory Committee on Education in the Colonies) 120th minutes, 14 Jan 1943; Shuckburgh I, pp.33, 300-301.

175 CO 554/136/33685/1945, letter to O.G.R. Williams, 20 Dec 1944.

176 Ibid., CRC 154, 'West African Institute of Industries, Art and Social Science', 16 Feb 1945.

resented the devotion of the Institute's resources to projects benefitting a single territory rather than West Africa as a whole. Burns concluded that the Institute could not function on a regional basis and told the Colonial Office that he proposed to call for its abolition and refounding as a purely Gold Coast concern[177]. By autumn 1945, the Colonial Office had judged that the Institute was 'moribund'[178].

This mounting evidence of local shortcomings, together with the failure of the Gold Coast and Nigerian governments to produce blueprints for development corporations, coincided with acknowledgement within the Colonial Office that its own thinking on corporations was imprecise. Moreover, the change of government in Britain in July 1945 obliged the Office to submit the Barclays scheme for fresh ministerial approval[179]. In August 1945, Monson, who had taken over responsibility for the broad question of industrial development from Carstairs, suggested that development corporations should be re-examined by the Office, particularly since interest in them had been re-awakened following a reference by Stanley during a recent Commons speech[180]. Caine interjected that development corporations were of wider interest in relation to development as a <u>whole</u>, not only to industrialisation[181].

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177 Ibid., 'Establishment of Institute', 4 June 1945; CO 852/574/9, note of meeting in CO, 26 June 1945.

178 CO 554/136/33685/1945, note of discussion on future of West African Institute, 30 Oct 1945.

179 CO 852/578/11, minute by Gater, 29 Aug 1945.

180 CO 852/578/9, minute, 14 Aug 1945.

181 CO 852/578/9, minute, 16 Aug 1945.

This was an early indication that the uses envisaged for colonial public enterprise, and even the direction of development policy itself, were entering a new period of fluidity, at least in the mind of the key responsible official.

The extent to which official thinking was shifting in the summer of 1945 is demonstrated by a memorandum on Industrial Development Corporations written by Rosa in August, in answer to Monson's directive, and by the response it evoked from the Colonial Office. Unlike Carstairs, who had discussed the possible role of <u>local</u> development corporations, Rosa advocated a single, large corporation, centrally organised in London. Like Carstairs, Rosa noted two basic problems in development: the provision of capital and the provision of enterprise in operating individual schemes. He believed both could be tackled through a development corporation. Of the two problems, Rosa considered the provision of experienced personnel to be the most difficult. He proposed a 'pool' of expertise in London, available for deployment as required, from which 'management squads' could be formed to organise schemes in the colonies, operating them until they could be transferred to local personnel. A major aim would be to train local personnel to take responsibility for projects as soon as possible, releasing the squads for work elsewhere, in a gradual and staged withdrawal. Thus, the squads would themselves acquire valuable experience in development. A practical advantage of Rosa's scheme was that staff could be hired for a limited period, rather than on a possibly less attractive career basis[182].

In Rosa's opinion, all these considerations suggested that a central corporation was preferable to a number of local corporations. A single body, based in London, would have direct access to a 'wealth of talent and expertise', whereas it would be difficult to find enough qualified people to staff a number of separate corporations. Similarly, local corporations, without access to expert advice, could not assess or initiate development schemes in the same way as could one large corporation. However, Rosa believed that his corporation should work through local subsidiaries, able to examine proposals from a local perspective. The central corporation could then assess the commercial soundness of schemes, taking into account broad questions like the existence of export markets and the prospects of competition with industries in other colonies.

Rosa felt that the corporation would need financial flexibility, and substantial capital of its own, plus wide borrowing powers. The impracticability of raising capital in London for individual projects seemed to Rosa another argument for a single corporation. From an investment point of view, a large corporation would also enjoy scope for risk-spreading, both geographically and among a variety of projects, to an extent impossible for local corporations. This would promote overall stability in its operations, and enable it eventually to outweigh failures with successes. Possibly in deference to official sensitivity to the

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182 CO 852/578/9, minute, 18 Aug 1945; ibid., 'Industrial Development Corporations'.

political implications of development, Rosa suggested that the corporation's local subsidiaries could attract local capital, fulfilling the goal of securing local participation. Moreover, Rosa considered this the only way to promote local enterprise under local operation[183].

Meanwhile, a decision was still awaited on Barclays' scheme, which was under ministerial review. As seen earlier, officials in the Colonial Office generally welcomed the plan, and Sir George Gater accordingly recommended ministers to approve it[184]. At this stage, the Labour Government's new Parliamentary Under-Secretary, Creech Jones, intervened. Creech Jones had strong views on the benefits of public enterprise in colonial development. He had championed colonial rights in Parliament since his election in 1935, and was instrumental in founding the Fabian Colonial Bureau with the economist and journalist Rita Hinden. Creech Jones had been closely involved in drafting the Labour Party's 1943 statement on colonial policy, a document which had impressed officials in the Colonial Office, including Caine, with its 'realism' and moderation, and its implicit assumption of a continuing role for private enterprise in the colonies, even if under stricter government regulation than envisaged by the Colonial Office[185]. Creech Jones nevertheless sought to extend government intervention in,

183 Ibid..

184 CO 852/578/11, minute, 11 Sept 1945.

185 Labour Party, The Colonies; Bowden (1980), pp.202-3; Lee and Petter (1982), pp.159-60; P.S. Gupta, Imperialism and the British Labour Movement, 1914-1964, (1975), pp.275-84; D. Goldsworthy, Colonial Issues in British Politics, 1945-1961, (Oxford, 1971), Ch.IV passim.

and control of, the colonial economies, and soon made his views plain to officials. In 1944, Creech Jones wrote:

> It ought no longer to be the function of colonial governments to hold the ring for alien interests to exploit and develop what natural wealth there may be; to see the surplus wealth drained overseas for the enjoyment of anyone outside the people who produce it or whose natural resources it is; to remain indifferent to the claims of health and education and social advance; to concede little to the people in the way of consultation and collaboration or of political representation and responsibility[186].

He noted with approval the wartime growth of government control over the colonial economies, regarding this as the basis for sound future development. He was critical of the record of private enterprise which, he argued, 'can only operate where it is profitable, but then its motive is its profit and not the well-being of the Colonial people'. Although he was more concerned with the immediate problems posed by mining development, Creech Jones also called for industrial development, especially raw materials processing, to be under public control, believing that this constituted an essential element in any planned economy[187]. An index of Creech Jones' commitment to public ownership came when Attlee's Cabinet was divided over steel nationalisation. Creech Jones, Dalton tells us, was firmly within the pro-nationalisation lobby, possibly influenced by Bevin, who had a regard for Creech Jones not universally shared by his colleagues, and whose Parliamentary Private Secretary at the Ministry of Labour Creech Jones had been during the war[188].

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186 R. Hinden (ed), Fabian Colonial Essays, (1945), p.12.

187 Ibid., pp.16-7.

Like his colleagues in the Fabian Colonial Bureau, who welcomed the development corporation as a means of escaping the 'vicious circle' of colonial poverty, Creech Jones was interested in the potential of this new type of organisation, but felt that the Colonial Office had been precipitate in approving Barclays' scheme before considering the subject further, and thought that the Office should await the colonial governments' own plans for corporations before sanctioning Barclays' project.

Although he acknowledged a role for private capital in development, Creech Jones doubted that colonial problems could best be solved by private corporations. He questioned whether they would possess the experience necessary to pursue comprehensive development, and, citing the past reluctance of private enterprise to take risks in the colonies, asked whether this had changed. Moreover, he was concerned that there would be local suspicion that private corporations would represent exploitation by outside interests. He called for 'safeguards', obliging Barclays' corporation to employ local personnel and to operate within the development framework established by local governments. Furthermore, he urged that its work should complement that of any government corporation which might be formed[189].

Creech Jones' misgivings about Barclays' scheme were not, apparently, shared by his officials. It was felt that initiatives such as Barclays' need not conflict with government measures to establish development corporations.

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188 H. Dalton, High Tide and After. Memoirs 1945-1960, (1962), p.136.

189 Ibid., minute, 18 Sept 1945; Empire, Vol.8, no.3, (Sept-Oct 1945).

Caine, particularly, stressed the breadth of the development task, and doubted whether a single organisation could undertake all the necessary work:

> I believe myself that the greatest need in development of this kind is to get the maximum of enterprise, and that is likely to be best achieved by leaving the field as open as possible and refraining from prohibitions while providing a Government organisation capable of taking up projects which, for one reason or another, had not attracted the attention of private concerns[190].

Creech Jones, however, was not satisfied, and at his request Barclays were reminded of the need for their corporation to co-operate closely with the colonial governments[191]. The Colonial Office also told Barclays of the need for the new corporation to conform to any overall investment plan formulated by the metropolitan Government, and for consultation between the corporation and any future government body of this type[192]. Barclays' replied that one means of fostering good relations with the colonial governments would be for its corporation to begin by assisting schemes favoured by the governments, but which lacked finance[193].

The Barclays Overseas Development Corporation was finally approved by the Treasury's Capital Issues Committee in November 1945[194]. Confusion soon arose over the boundary

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190 CO 852/578/11, minute, 25 Sept 1945; ibid., minute by Gater, 25 Sept 1945.

191 Ibid., minutes by Creech Jones, 26 Sept 1945, Gater, 13 Oct 1945 and 15 Oct 1945, and Creech Jones, 16 Oct 1945.

192 Ibid., Gater to Goodenough, 16 Oct 1945.

193 Ibid., note of interview with Goodenough and Crossley (Barclays) in CO, 25 Oct 1945.

194 Ibid., Goodenough to Gater, 26 Nov 1945.

between projects suitable for government and private finance. Rosa, for example, believed that Barclays hoped government would limit itself to undertaking uneconomic enterprises[195]. Barclays sought to clarify the point, but Caine explained that no precise demarcation was yet possible, although it was 'widely agreed' that the two spheres of activity were likely to be distinct. In his view, colonial governments would not seek the Corporation's help, which any enterprises were unlikely to need. However, the groundwork of development, such as basic research, undertaken by government, would complement and aid private enterprise[196]. In February 1946, a representative from Barclays was invited to attend CEAC's discussion. Barclays recognised the valuable work which a government corporation could do in basic research and surveying, but the Bank was unenthusiastic about the corporation engaging in industrial enterprise. Caine, however, thought that fundamental research would be too great a burden for a government corporation[197]. Barclays argued that they did not fear competition from a government corporation, but that they were unhappy about it engaging in commercial enterprises, possibly in competition with private firms[198].

When informing the colonial governments about the registration of Barclays' Corporation, the Colonial Office also described the organisation's functions and its

195 Ibid., minute, 17 Dec 1945.

196 Ibid., minute, 16 Jan 1946.

197 CO 852/587/10, CEAC(Finance) 9th minutes, CEAC(Industry) 11th minutes, (joint session), 12 Feb 1946.

198 Ibid., Crossley to Stockdale, 13 Feb 1946.

intention to co-operate closely with both the governments and the Office. It was suggested that the Corporation could provide an additional source of funding for 'remunerative' development, though it did not envisage lending capital to governments. Local governments were requested to consult the Office before approaching the Corporation for assistance[199].

Creech Jones' intervention in September 1945 encouraged the resumption of the Colonial Office's own consideration of the value of government development corporations[200]. By now, the discussion papers drawn up by Carstairs and Rosa, respectively presenting the case for local and central corporations, had been supplemented by material gathered on similar bodies, such as those in Puerto Rico and South Africa. By November 1945, the Colonial Office at last felt ready to refer the subject to CEAC. In his paper, Rosa suggested that his proposed corporation should be financed through private, rather than public capital. However, the secretary of CEAC advised against putting 'so politically controversial' an issue before the Committee, especially since the main question was whether there should be a single, <u>central</u> corporation, or separate corporations in individual colonies. Reference to Barclays ODC was also omitted at this stage, although information on it was circulated to CEAC at Goodenough's request early in December 1945[201]. Consequently, CEAC was asked only to examine the

199 CO 852/578/12, circular telegram, 27 Apr 1946.

200 CO 852/578/9, minute by Carstairs, 26 Oct 1945.

201 Ibid., minute by W.A. Morris, 12 Nov 1945; CO 852/587/9, CEAC(45)69, 'Development Corporations', 7 Dec 1945.

desirability of government-sponsored central or local corporations[202].

Once again, the influence of Creech Jones in accelerating discussions can be seen. In December 1945, during talks on the measures needed to strengthen the machinery available for development, Creech Jones called for more positive policies from the Colonial Office, voicing concern that in the past, the initiative had tended to come from external interests. Caine responded by suggesting that an executive organisation was needed, able to accelerate development, including industrialisation[203].

When referring the subject to CEAC, the Colonial Office explained to Sir William Goodenough, still a Committee member, that this did not mean there were official plans for a government organisation similar to Barclays'. The approach to CEAC was described simply as a resumption of discussions on promoting industrial development. This suggests a continuing desire among officials, especially Caine, to maintain good relations with private enterprise[204].

CEAC's Industry Sub-Committee eventually discussed development corporations in February 1946. The Committee had been asked to advise on whether government should create a corporation to assist industrial development. Welcoming the proposal, the Committee opted for a central corporation working through local bodies, the course advocated by Caine and Rosa as the most effective means of providing technical

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202 CO 852/587/9, CEAC(Industry)(45)22, 'Industrial Development Corporations', 16 Nov 1945.

203 CO 852/591/7, minute by J.B. Williams, 14 Dec 1945.

204 CO 852/578/9, minute by W.A. Morris and letter from Caine to Goodenough, 19 Nov 1945.

expertise. However, the Committee left open the question whether these local bodies should be organised on a territorial or on a regional basis. Similarly, no agreement was reached on whether the corporation should be funded publicly or privately. The Committee recommended, however, that a government corporation should not embark on projects competing directly with existing commercial enterprises. This point was underscored by Rosa, who believed the whole purpose of the new machinery was to encourage industries not yet established[205].

Official discussions continued on the proposed corporation's financial structure. Here, the key issue was whether the corporation should be self-supporting. Carstairs, whose role in the wider debate was declining, feared that if the new machinery were expected to be self-supporting, this would defeat its purpose, since if the corporation were too conscious of the financial aspect of its operations, it might restrict itself to 'safe' schemes, from which the private investor would therefore be excluded. Carstairs, supported by the economist Professor Lionel Robbins, a member of CEAC, thought that the corporation should be free to engage in 'developmental and exploratory expenditure', which, though possibly unprofitable to the corporation, would benefit the territory as a whole by clearing the path for subsequent investors[206].

However, as Rosa stressed, one argument in favour of a centrally-organised corporation was precisely that it could

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205 CO 852/587/10, CEAC(Finance) 9th minutes, CEAC(Industry) 11th minutes, (joint session), 12 Feb 1946.

206 Ibid.; CO 852/578/10, minute, 11 Mar 1946.

spread its risks widely, and therefore be self-supporting overall. It was therefore important, not to overburden the corporation with too wide a range of functions, some of which, like basic research, ought to be undertaken directly by government. Equally, the corporation should not be obliged to finance uneconomic schemes simply because they were judged valuable on other grounds. In his opinion, if an industry were desirable in the public interest, then, again, it should be subsidised directly by government. Rosa concluded that patience would be needed to allow the corporation to achieve solvency and a wide scope of activities. It was because he believed that private enterprise would expect quick results that he was increasingly convinced that the corporation should be operated by government[207].

By late March 1946, CEAC had made little progress with its discussions on the form and functions of the proposed corporation. A draft report was therefore compiled for the Committee by its secretary at the suggestion of the Colonial Office's Development Adviser, Sir Frank Stockdale, CEAC's _ex officio_ Chairman[208]. CEAC's still incomplete conclusions were accordingly summarised in June, but as the Committee's own life neared its end during summer 1946, officials decided to postpone action on the report until it could be put before CEAC's successor body, the Colonial Economic Development Council (CEDC)[209]. There were, however,

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207 CO 852/578/10, minute, 15 Mar 1946.

208 Ibid., minutes by Sweaney, 23 Mar 1946, and Rosa, 5 Apr 1946.

209 CO 852/587/10, minute by Stockdale, 25 June 1946; ibid., minute by J.B. Williams, 3 July 1946.

additional motives for avoiding further reference to CEAC. The subject had important political aspects, relating not only to the 'central' versus 'local' debate on the organisation's form, but also to whether it should be undertaken on a public or private basis. As Caine commented, the subject was

> so very much tied up with controversial economic and political doctrines that it is quite likely that the new economic and development council may take a different view on many points from those so far expressed by the Sub-Committee of the present Advisory Committee. It would therefore be better to defer further examination until the character of the new Council is established[210].

Caine's lack of enthusiasm for public enterprise has already been noted in his views on industrial licensing and in his spirited defence of Barclays' initiative. It is possible that by blocking further discussions by CEAC, he sought to prevent advocates of state operation gaining unchallenged control over the debate on the form the development corporation should take.

The lull in the Colonial Office's deliberations on development corporations seems to have been decisively broken by Creech Jones, who replaced George Hall as Secretary of State early in October 1946. Shortly afterwards, Creech Jones told the Commons that he had recognised for some time the need to give colonial governments more guidance on industrial development, and that the whole question was 'under consideration' in the Colonial Office. Admitting that a 'considerable degree' of public enterprise was 'essential' in colonial development,

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210 CO 852/587/10, minute, 5 July 1946.

he saw no reason why public and private action should not be complementary[211].

Balancing his enthusiasm for public enterprise was Creech Jones' interest in improving the machinery of colonial government. Shortly after becoming Colonial Secretary, he met his senior officials and advisers and asked whether the Colonial Office's approach to development was sufficiently imaginative and comprehensive. He was concerned that the recent scheme to cultivate groundnuts in East Africa had been produced not by the Office, but by a private company[212]. He sought officials' views on how to achieve the co-operation of local populations in development. Creech Jones questioned whether the existing Colonial Service was qualified for its new responsibilities, for example in the fields of finance, economics and industry. Specifically, he wanted to know how the Colonial Office itself could do more to stimulate development. The problem seemed to be, as one official observed, how to provide 'instructive direction' from London while simultaneously fostering local initiative[213].

Presumably in response to the impetus provided by Creech Jones, Caine suggested that the views of the newly-formed CEDC on the promotion of industrial development should soon be sought[214]. Creech Jones was particularly keen to have Stanley's February 1945 circular despatch on manufacturing industry reviewed and, if necessary,

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211 PD(C), 427, cols.393-4, 23 Oct 1946.

212 See Morgan (1980) II, pp.226-319.

213 CO 852/588/3, note of meeting in CO, 29 Nov 1946.

214 CO 852/587/10, minute, 23 Oct 1946.

revised[215]. Accordingly, the CEDC was asked to discuss the despatch, and to give its views on the establishment of an Industrial Development Corporation, its form and structure[216]. The Council had before it the incomplete conclusions of CEAC's Industry and Finance Sub-Committees, drafted during summer 1946 in anticipation of the CEDC's creation. These favoured a central corporation, based in London, with local branches in the colonies, and funded publicly. The functions envisaged for the corporation would be to promote industrial development, for example by providing information on opportunities, assessing applications for assistance, and arranging for the provision of capital and managerial and technical expertise. The corporation was also expected to undertake projects itself if necessary. The report had recommended that the corporation should work closely with any private development corporation established, and that its long-term strategy should be to withdraw its personnel and sell its stake in the projects it had assisted either to colonial governments or local bodies, or to private investors[217].

In December 1946, the CEDC endorsed CEAC's views as the basis for future action, and proposed to give the question detailed consideration at a later date[218]. When discussions were resumed early in 1947, however, the environment for

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215 Ibid., minute by Gater, 30 Oct 1946; CO 852/592/3, minute by J.B. Williams, 26 Nov 1946.

216 CO 852/587/10, CEDC(46)12, 'Note on Industrial Development', (n.d.).

217 Ibid., CEDC(46)12 Appendix III, 'CEAC(Finance and Industry) Joint Report on Colonial Industrial Development Corporation', 15 Nov 1946.

218 CO 999/1, CEDC 9th minutes, 16 Dec 1946.

debate was changing radically. The luxury of speculation, so characteristic of the entire 'reconstruction' period, was soon dispelled in the harsher climate of the 'annus horrendus', when all aspects of metropolitan government policy, including colonial development, were increasingly affected by the immediate need to support the domestic economy. In these circumstances, many of the objectives identified by the Colonial Office between 1943 and 1946 had to be reassessed, and some sacrificed.

CHAPTER FOUR: THE METROPOLITAN CRISIS AND CONSTRAINTS ON COLONIAL INDUSTRIALISATION 1947-1948

Development policy and the crisis of 1947

The first eighteen months of the Labour Government's life provide little evidence of any systematic ministerial exploration of possible colonial solutions to Britain's financial difficulties. The majority of the Cabinet trusted to multilateral trade and export growth to secure full employment and recovery[1]. The failure of the convertibility operation in August 1947 finally crushed these hopes. The government's problems, however, had been growing since early 1947. The winter brought a crippling fuel crisis and serious disruption of industrial production; the American loan was rapidly depleted; exports grew less quickly than anticipated, and concern mounted at the level of food imports from the dollar area. Against this background, ministerial attention fixed upon colonial resources and on a colonial role in metropolitan recovery[2].

Attlee's government effectively succumbed, like none before it, to the myth of colonial wealth as a solution to metropolitan problems. After 1947, the Cabinet equated colonial development with a drive to maximise colonial commodity production as rapidly as possible. The principal advocate of this strategy was the Foreign Secretary, Ernest Bevin, although his views resemble Attlee's. Bevin was convinced that colonial raw materials production could

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1 Cairncross (1985), pp.21-2; Gupta (1983), pp.105-6.

2 Gupta (1983), p.106; Cairncross (1985), pp.21-2; R. Hyam, 'Africa and the Labour Government, 1945-51', <u>JICH</u>, 16, 3 (1988), pp.148-9; A.E. Hinds, 'Sterling and Imperial Policy, 1945-1951', <u>JICH</u> 15, 2 (1987), pp.151, 155.

contribute significantly to Britain's balance of payments[3]. He demonstrated a near obsessive faith in Africa's potential, particularly its mineral wealth. In July 1947, he urged every effort to accelerate colonial production of commodities in demand in the United States. Where labour was a factor limiting expansion, Bevin was even prepared to consider importing workers from Italy[4]. His interest in colonial development derived from concern to reduce Britain's financial dependence on the United States, whose continued assistance he felt could not be assumed. Moreover, he was pessimistic about the prospects for recovery based on Britain's former export trade in manufactures, given the wartime stimulus to overseas industrialisation[5].

Similar motives for promoting colonial development informed a paper by Herbert Morrison which argued that Britain's economic recovery was being 'strangled' by shortages of raw materials, food and fuel, and that without an 'ample flow' of commodities, economic planning would be nullified and crises would recur[6].

Such attitudes, nascent and largely unco-ordinated earlier in the year, were given prominence by the crisis of August 1947 and the resulting suspension of sterling

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3 CO 537/3047, letter to Attlee, 13 Sept 1947; ibid., letter to Attlee, 16 Sept 1947; Gupta (1983), pp.101, 106; Hinds (1987), p.153; Hyam (1988), p.149.

4 CO 537/3047, letter to Attlee, 13 Sept 1947; ibid., Attlee to Bevin, 16 Sept 1947; CAB 130/19, GEN.179/5th meeting, 28 July 1947; Hinds (1987), pp.155-6.

5 CAB 130/19, GEN.179/5th meeting, 28 July 1947; ibid., GEN.179/14th meeting, 20 Aug 1947; CO 537/3047, letter to Attlee, 16 Sept 1947; Gupta (1983), p.106.

6 CAB 124/1079, 'Planning for Expansion', 31 May 1947 (final version CP(47)169).

convertibility. Immediately, efforts began to incorporate the colonies in an overall strategy to achieve recovery[7]. The colonies were asked to continue currency accumulation in London, to strengthen the Sterling Area's position. They were requested not only to limit their dollar and other hard currency expenditure, but also to curb sterling imports, thereby releasing goods for export to dollar markets, now considered critically important to Britain. The colonies were invited to help directly by increasing their production of goods which Britain currently bought with dollars, or of dollar-earning goods[8]. From London's point of view, increased commodity exports were the <u>major</u> contribution which the colonies could make to recovery. London described the crisis as an unprecedented opportunity for the colonies to develop their production and trade along lines which would bring advantages both to them and to Britain[9].

On Bevin's prompting, the Colonial Office was asked to report urgently on prospects for increased colonial exports to the United States[10]. Bevin called for investigations into what raw materials had been scarce in the United States at the outbreak of the Second World War, with assessments of how far these shortages could be met by colonial exports[11]. The Office's initial response was hardly encouraging. Officials concluded that the only important commodity of which increased supplies could rapidly be made available was

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7 CO 852/870/2, circular telegram, 6 Aug 1947.

8 Ibid., T 236/693, circular telegram, 20 Aug 1947.

9 Ibid..

10 CAB 130/19, GEN.179/15th meeting, 21 Aug 1947.

11 Ibid., GEN.179/14th meeting, 20 Aug 1947.

rubber, though others might be expanded if Britain's own imports were cut. Longer-term possibilities included exports of minerals such as tin and lead, though here development was being hampered by shortages of capital equipment, a complaint which became all too familiar over succeeding months[12].

Symbolic of the government's new commitment to colonial development was the creation in 1948 of the Colonial Development Corporation (CDC), an example of the brief vogue for applying technocratic and dynamic methods to achieve rapid and efficient colonial development. The idea of promoting development through state action was not, as already suggested, contributed directly by the incoming Labour government. Nevertheless, Attlee and his colleagues endorsed it warmly[13].

As described in chapter III, the Colonial Office's plans for a development corporation, supported by local subsidiaries, envisaged a body capable of bringing capital and expertise to a variety of development schemes, embracing both agriculture and industry. The proposal was advanced by the Colonial Office in March 1947. Creech Jones told Attlee that the intention was to

> promote in every possible way increased Colonial production on an economic and self-supporting basis with an eye to the production of foodstuffs, raw materials and manufactures where supply to the UK or sales overseas would assist our balance of payments[14].

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12 CAB 128, CM(47)74, minute 2, 25 Aug 1947.

13 PREM 8/457, Creech Jones to Attlee, 26 Mar 1947; ibid., Attlee to Creech Jones, 26 Mar 1947; CO 537/2002, Creech Jones to Dalton, 28 Apr 1948.

14 CO 537/2002, letter to Attlee, 26 Mar 1947.

The plan was swiftly approved by Cabinet. In June 1947 ministers agreed to create not only the CDC, but also an Overseas Food Corporation, responsible to the Ministry of Food, to co-ordinate the strategy to boost food production and hence to increase supplies to metropolitan consumers[15]. Two factors probably explain the speed with which these proposals were adopted. The first was the imminent exhaustion of the American loan; the second was a growing conviction in Whitehall that Britain derived little immediate benefit from the sums already allocated to Colonial Development and Welfare expenditure[16].

The need to implement the development corporation plan rapidly influenced the Colonial Office's choice of the new organisation's form. A single, centralised body was preferred to smaller, local bodies, because the latter would take longer to establish, and would deploy scarce expertise less efficiently[17]. The choice of a centralised form probably reflected also the Colonial Office's continuing doubts about the capacity of local governments to act dynamically in development. However, while the Office sought greater central control over the corporation, it did not envisage surrendering its overall direction to other branches of the metropolitan government.

The Overseas Resources Development Bill, which created the CDC, gave it borrowing powers of up to L100 million. The

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15 CAB 128, CM 53(47)5, 10 June 1947; Gupta (1983), pp.106-7; PREM 8/457, Portal to Attlee, 10 Apr 1947; CAB 129 CP(47)175, 'The Development of Colonial Resources'.

16 Bodleian Library MS Attlee dep.48 (Attlee Papers) fols.116-119, Portal to Attlee, 17 Dec 1946.

17 CO 852/867/1, CEDC(47)7, note by Chairman on formation of a Colonial Development Corporation, (n.d.).

Bill, which also created the Overseas Food Corporation, was enacted in February 1948. The CDC's function was to promote schemes either to earn dollars through exports to the United States, or to save dollars by producing raw materials for Britain, thereby continuing the colonies' wartime economic contribution to Britain's balance of payments[18]. The Corporation was expected to judge proposed development schemes according to their value to the Sterling Area in earning or saving dollars. Initially, the Corporation's activities were expected to be biased towards short-term projects requiring a minimum investment of capital goods[19].

The unprecedented enthusiasm for colonial development shown by ministers after summer 1947 exposed fundamental weaknesses in Whitehall's co-ordinating machinery. Symptomatic of other departments' growing interest, and of mounting demands after summer 1947 for development to be integrated into domestic economic planning and given a clear place in Britain's general investment programme, was the creation, late in 1947, of an inter-departmental Colonial Development Working Party, which presented its final report in October 1948. This comprised representatives of the Central Economic Planning Staff, the Colonial Office, the Board of Trade and the Ministries of Supply and of Food, and was chaired by Sir Edwin Plowden, the government's Chief Planning Officer. Its function was to examine colonial requirements of capital equipment in relation to the competing needs of metropolitan investment and export, and

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18 Ibid.; CO 537/2002, Creech Jones to Attlee, 26 Mar 1947.

19 CO 852/875/1, 'The Colonial Development Corporation. Method of Operation', 5 Dec 1947.

to advise on development programmes in the light of available resources[20].

Official enthusiasm for development after 1947 inevitably encouraged unrealisable expectations. Development fever was pervasive and infectious. An extreme example was the report by the Chief of the Imperial General Staff, Field Marshal Montgomery, following his African tour late in 1947. Montgomery, betraying a comprehensive ignorance of the political, economic and social realities of post-war Africa, saw 'immense possibilities' in development, and 'almost unlimited quantities' of vital raw materials, which could all be tapped to maintain British living standards. Voicing a criticism of the Colonial Office which became increasingly common in Britain during 1947-48, Montgomery attacked what he felt was the current unco-ordinated approach to development, and called for a dynamic 'grand design', with the ruthless elimination of obstacles, human or otherwise[21].

Montgomery's report drew a predictably defensive response from the Office, which considered the CIGS's suggestions simplistic and impracticable, as well as contrary to the momentum towards political devolution in Africa: the <u>political</u> aspect of development could not be ignored if local good-will, essential to success in development, were to be maintained. This had long been a commonplace within the Colonial Office: increasingly, other

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20 Morgan (1980) II, p.18; the Central Economic Planning Staff had been established in March 1947, as an inter-departmental, but non-executive 'think-tank', and was also chaired by Sir Edwin Plowden; see Aldcroft (1986), p.242; Cairncross (1985), p.53.

21 T220/17, 'Tour in Africa in November-December 1947' by Field Marshal the Viscount Montgomery of Alamein, 19 Dec 1947.

branches of Whitehall had to be convinced of its importance[22].

Another example of the exaggerated expectations aroused in this period was the proposal by Sir Henry Tizard, Chairman of the Advisory Council on Scientific Policy and of the Defence Research Policy Committee, for a study of the implications of a large-scale dispersal of population and industry from Britain throughout the Commonwealth[23]. Tizard, prompted by Attlee's strategic review of 1946, explained that no-one could envisage an adequate defence of Britain from nuclear war, and called for a study of the feasibility of redistributing the population, especially in Africa and Australia[24].

The Colonial Office reacted coolly. Officials believed that mass British emigration to Africa would conflict with their entire African policy. They were particularly concerned about the possible political implications, for in West Africa the proposal was inconceivable, requiring as it would a reversal of firmly established immigration policies, and even in East Africa, with its existing settler population, an accelerated influx of Europeans threatened to exacerbate communal difficulties[25].

Early in 1948, London grew increasingly anxious to accelerate progress with development. Even now, ministers

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22 Ibid., Watson (CO) to Fogarty (Treasury), 6 Jan 1948; CAB 130/31, GEN.210 1st meeting, 9 Jan 1948.

23 CO 537/2667, letter to Minister of Defence, 25 Nov 1947.

24 Ibid..

25 CO 537/2667, minutes by Cohen, 2 Dec 1947, and Lloyd, 3 Dec 1947; ibid., Creech Jones to Attlee, 17 Dec 1947, and Rees-Williams to Attlee, 20 Feb 1948.

were anticipating the expiry of Marshall Aid. The key point seemed to be that Aid sufficient to restore Britain's economic independence could not be assumed. It was therefore essential to give colonial development high priority if satisfactory results were to be achieved before US aid came to an end[26].

Moreover, ministers felt that previous development planning had been insufficiently integrated with domestic economic policy. For example, no effort had been made to determine what proportion of metropolitan resources colonial development required, and understanding grew that improved arrangements were needed to ensure that the colonies received their fair share of available supplies[27].

During 1948, the Colonial Office became subject to much direct and oblique criticism over its handling of development. Early in the year, Attlee personally sought reassurances from Creech Jones that the Office was organised to fulfil its responsibilities[28]. Progress with development was reviewed critically in the report of the Select Committee on Estimates of June 1948. This found particular fault with the Colonial Office and its development machinery, calling for stronger co-ordination and centralised planning[29]. Similarly, even late in 1948, ministers remained unconvinced of the Office's capacity to

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26 CAB 130/31, GEN.210 1st meeting, 9 Jan 1948.

27 Ibid.; CO 537/3030, Creech Jones to Attlee, 5 Feb 1948; Hinds (1987), p.159.

28 CO 537/3030, letter to Creech Jones, 29 Jan 1948; ibid., Creech Jones to Attlee, 31 Jan 1948.

29 H.C.181, Fifth Report from the Select Committee on Estimates. Session 1947-48. Colonial Development, 30 June 1948.

oversee development policy. They considered this particularly important given the new degree of direct government participation in the colonial economies, which required from the Office an ability to maintain general control over development. Ironically, in view of their past indifference to colonial interests, ministers now argued that the colonial economies could not be integrated with the metropolitan economy effectively unless the Colonial Office was able to present their case when supplies were allocated and priorities determined[30].

It took time for the Colonial Office's critics to appreciate the limits to centralised control of development, a problem aggravated by insensitivity in Whitehall to its political dimension. During the Supply Debate in July 1948, Rees-Williams tried to convey the complexities of the colonial relationship.

> We have to recognise the fact that the Colonial Office are very often not in a position to insist upon many things. We can suggest to many of the Colonial Governments, advise them and help them, but in many instances they have the final word and if they do not take our help and advice, there is very little further that we can do[31].

Since adopting a predominantly 'welfarist' development outlook before 1939, the Colonial Office had consistently argued that development should be planned by local agencies, with London providing resources and guidance where necessary. This principle had been enshrined in the 1940 CD & W Act, although, after 1943, the Office became increasingly frustrated and alarmed at the apparent

30 CAB 134/216, EPC(48)35th meeting, 9 Nov 1948.

31 PD(C), 454, col. 611, 22 July 1948.

inability of local governments to absorb the importance of planning. Moreover, given London's vaunted commitment to progressive colonial devolution, and the need for local co-operation in development, it was impossible, politically, to impose development plans from Britain. Only repeated explanations of these constraints by the Colonial Office convinced ministers, by late 1948, that development was a complex and delicate process.

Metropolitan insensitivity to colonial political realities was irritating and potentially embarassing to the Colonial Office. More serious, however, was the virtually exclusive emphasis placed by Whitehall, especially in the two years immediately after summer 1947, on expanding colonial primary production, a bias in development at odds with the Office's more catholic interpretation of the term. This bias in favour of primary production was explicitly stated by Sir Stafford Cripps when addressing the African Governors' Conference in November 1947. Cripps called for the tempo of African economic development to be increased 'out of all recognition', arguing that 'the whole future of the sterling group and its ability to survive depends in my view upon a quick and extensive development of its African resources'[32].

The Colonial Office knew that the key to improved colonial living standards was agricultural efficiency, but continued to see an important role for economic diversification through industrial development. This was demonstrated, for example, in Creech Jones's despatch to African Governors of February 1947 which called for a

32 CO 852/1000/3, address by Cripps, 12 Nov 1947.

'revolution' in African productivity. According to the despatch, while it was clear that 'for many years to come', agriculture would inevitably be of predominant importance in African economic development, it was clear, too, that

> the kind of standards aimed at today are impossible of attainment on a purely agricultural basis, and that in the course of years there must be a very substantial development of secondary industry if markedly higher standards are to be achieved[33].

It became evident during 1947 and 1948 that officials had not lost their wartime interest in industrialisation. Furthermore, the Colonial Office could not ignore the growing enthusiasm for industrial development, especially in the African territories, where it was increasingly regarded by emerging political elites as essential to future growth, and symbolic of economic 'maturity'[34]. Therefore for the Colonial Office to be seen to be obstructing industrial development would be to risk creating political capital for nationalist (or 'proto-nationalist') leaders.

However, there remained fundamental obstacles to the promotion of colonial industrialisation. The major immediate problem was the shortage of equipment and other essential supplies. Aggravating this, though not then seen as a major limiting factor, was the scarcity of development capital. A third, and arguably critical barrier, the precise effects of which are difficult to measure, was the resurgence of antipathy, even hostility, in Whitehall towards colonial industrialisation. The Office's wartime efforts to construct a coherent policy on industrialisation were

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33 CO 847/36/2, despatch to African Governors, 22 Feb 1947.

34 See, e.g., CO 537/3226, report by Rees-Williams, 'West African Tour - 1948', 27 Sept 1948.

threatened after 1947 by the weight of opinion in Whitehall which regarded such development as at best irrelevant under current conditions, or worse, as inherently damaging to British interests.

The supply problem

The dominant obstacle to development in the period 1947-48 was Britain's inability to supply the colonies with the exports they required. Starved of imports during the war, the colonies now found their needs ranking third after those of Britain and the dollar markets. Goods not required for metropolitan reconstruction were exported, where possible, to 'hard' currency areas in preference to 'soft' sterling markets[35]. Until August 1947, London tried to dictate colonial import policy only in general terms, with no attempts at detailed controls. With the onset of the convertibility crisis, however, local governments were asked to estimate their imports during 1948 from the Western Hemisphere. These rough estimates were subsequently imposed as 'ceilings' on colonial dollar imports, controlled in London by a Colonial Dollar Drain Committee, comprising representatives of the Colonial Office, the Treasury, the Board of Trade and the Bank of England[36].

In August 1947, the colonies were instructed to limit their imports to 'minimum essentials', especially imports from hard currency sources[37]. Subsequently, more stringent

35 Westcott (1983), p.8.

36 CO 852/889/3, memo. by Gorell Barnes, 'Economic Planning in the Colonies', 3 Aug 1948.

37 T236/693, circular telegram, 6 Aug 1947.

measures were taken with the reimposition of wartime import controls. Colonial governments were instructed to refuse import licences for goods which would not generate substantial increases in dollar-earning or saving production[38].

Despite its growing concern to accelerate development, Whitehall was slow to establish machinery to discover precisely which goods the colonies required. As already noted, the Colonial Development Working Party was formed late in 1947 to remedy this. As pressure grew in Whitehall after summer 1947 for the integration of development in domestic economic planning, the Colonial Office's response was the proposal to create the Working Party, intended to be a body of recognised authority to examine the allocation of supplies to the colonies and a means of co-ordinating development. Above all, the Colonial Office sought a way of educating Whitehall in the unappreciated problems of development[39]. However, there were early indications of future divisions of opinion within Whitehall. Whereas the Colonial Office saw the CDWP as a means to secure increased supplies for the colonies, others in the metropolitan government, notably Sir Edward Bridges, the Treasury Permanent Secretary, were keen to limit colonial imports still further[40].

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38 T236/688, circular telegram, 'Import licensing policy', 5 Sept 1947.

39 CO 852/871/1, minute by Caine, 10 Nov 1947; ibid., minute by Rees-Williams, 11 Nov 1947; ibid., Creech Jones to Cripps, 22 Nov 1947; ibid., minute by Caine, 24 Nov 1947; CO 852/831/1, minute by T.W. Davies, 11 Nov 1947.

40 CO 852/831/1, minute by T.W. Davies, 11 Nov 1947.

In the event, it was not until January 1948 that attempts were made to gauge the colonies' likely needs of basic capital imports such as steel and cement. The accumulation of information on colonial investment plans began with a pilot study of Nigeria's requirements for capital goods in the period 1948-50[41]. Whether colonial needs, once known, could be satisfied, was another matter. When Creech Jones sought Attlee's authorisation to announce that Britain would do everything possible to promote development, not only financially but also with supplies, Attlee responded guardedly that the CDWP might be asked what promises could reasonably be made, though he doubted that the assurances Creech Jones requested could safely be given[42].

Yet the supply problem's pressing nature soon became clear. Early analyses of achievements in postwar development were disturbing. For example, the Colonial Development Working Party's draft report, produced in April 1948, estimated that colonial exports of many foodstuffs and raw materials during 1946 were below 1936 levels, chiefly due to the running down of capital equipment during the war and the scarcity of supplies since 1945. The CDWP subsequently concluded that the major impediment to development was the continuing supply problem. Accordingly, the Working Party concluded that priority in the near future should be given

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41 T229/220, Strath (CEPS) to Plowden, 22 Jan 1948; CO 852/875/1, telegram from Beresford-Stooke (Nigeria) to Caine, 24 Jan 1948; CO 852/871/1, circular telegram, 27 Jan 1948.

42 CO 537/3030, Creech Jones to Attlee, 31 Jan 1948; ibid., Attlee to Creech Jones, 15 Feb 1948; ibid., Attlee to Rees-Williams, 27 Feb 1948.

to concentrating on short-term development possibilities, and on restoring and improving existing capital equipment, such as railways, and to avoid the allure of large, new schemes which, while firing the imagination, could not become productive quickly.[43]. In effect, this was a call to patch up colonial infrastructures severely stretched by the war, and which, more importantly, were geared almost entirely to the production and evacuation of raw materials. It was, therefore, an implicit call for a bias in development which would benefit Britain rapidly, and ignored the Colonial Office's commitment to economic diversification. Not until summer 1948 did the Colonial Office finally win Whitehall's recognition that colonial import needs should receive the same treatment in the allocation of British goods as did those of countries with which Britain had bilateral trading agreements. Although the Office considered this a major breakthrough, it realised that constant pressure would be necessary for this principle to have any substance[44].

In this period, shortages of consumer goods were as critical as the scarcity of capital equipment. Wartime experience had demonstrated to officials both in Africa and in London that colonial productivity required an adequate supply of items such as cotton textiles. It was ironic, then, that calls for increased colonial production were made when the colonies were being urged to curb their imports. The shortage of goods, coinciding with rising peasant

43 CO 852/868/3, CEDC(48)2, CDWP draft Interim Report, 12 Apr 1948.

44 CO 852/889/3, telegram from Poynton to Rees-Williams, 18 Aug 1948; ibid., Poynton to Rees-Williams, 20 Aug 1948.

producer incomes, threatened not only an inflationary spiral, but also political discontent. As early as August 1947, the Nigerian Governor warned London of the political risks which might accompany the reintroduction of import control[45]. His fears were borne out in February 1948 when serious rioting erupted in the Gold Coast. Since the war, the Colonial Office had feared the possible effects, both on colonial productivity and on local political opinion, which the shortage of consumer goods might have, warning the Cabinet of the problem's political aspect as early as May 1945. These warnings were repeated in September 1947 when ministers were told that if the colonies were to make a major contribution to the solution of Britain's economic difficulties, special attention would have to be paid to their needs for consumer goods, especially textiles[46]. The commission of inquiry into the Gold Coast disturbances subsequently identified as the principal cause not the 'communist' conspiracy suspected by some colonial administrators, but simple economic discontent, particularly at the scarcity and price of basic consumer goods[47].

The British Government's response was that although some shortages persisted, the Gold Coast's total imports in 1947 were approximately seventy per cent higher in value than in 1946, which would alleviate the inflationary

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45 T236/688, telegram to Creech Jones, 26 Aug 1947.

46 CAB 71/20, 'Prospective general supply difficulties in the Colonial Empire', 10 May 1945; CO 537/1414, minute by T.W. Davies, 11 Dec 1946; CO 537/2007, CM(47)75th conclusions, 9 Sept 1947.

47 Col.no.231, Report of the Commission of Enquiry into Disturbances in the Gold Coast, 1948, 8 June 1948; see also Hargreaves (1988), pp.114-5.

pressure, although it was recognised that this would be offset partially by any increase in the prices paid to the territory's cocoa producers[48]. Paradoxically, in its drive to boost exports to the dollar area, the British Government jeopardised its colonial development strategy by restricting exports of incentive goods to the colonies, and by thus indirectly encouraging local unrest. This was ironic, too, given traditional demands from sections of British industry, particularly Lancashire cotton, for the colonies to be developed as British markets. In March 1948, the President of the Board of Trade explained that the volume of cotton goods exports in 1947 was approximately 32% of the 1937 level, and admitted that Lancashire had been slow to recover from the effects of concentration and other wartime measures[49]. Nevertheless the Board of Trade believed that West Africa fared relatively well in terms of supplies of cotton goods precisely because it was such an attractive market to Lancashire. Exports of cotton textiles to the Gold Coast in the first seven months of 1948 were 20 million square yards, compared to nine million square yards in the same period in 1947, and 12 million in 1938, and this trend seemed likely to continue. However, the Board concluded that a substantial increase in exports to British West Africa could be achieved only at the expense of other 'equally desirable' markets, such as British East Africa[50]. Unfortunately, it was precisely these cotton goods, along

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48 Col.no.232, Statement by His Majesty's Government on the Report of the Commission of Enquiry into Disturbances in the Gold Coast, 1948, 8 June 1948.

49 PD(C), 448, col.1398, 11 Mar 1948.

50 BT 11/4089, minute by Reardon, 27 Aug 1948.

with items such as kerosene and bicycles, for which there seemed to be an 'almost inexhaustible' market, for example in West Africa, fuelled not only by rising producer prices, but also by the inducements paid to peasant farmers to cut out cocoa trees affected by swollen shoot disease[51].

After his visit to West Africa in 1948, Gorell Barnes, newly appointed Assistant Under-Secretary in the Colonial Office's Economic Division, stressed the importance of increasing consumer goods supplies to the region, especially in view of the larger cash payments which were to be made to its cocoa producers. He warned of trouble, particularly in the Gold Coast, if steps were not taken to improve the supply situation, if necessary by relaxing restrictions on imports from hard currency areas, a move he thought justifiable because ultimately the stability of major dollar-earning territories was at stake. His colleagues, however, doubted that the Treasury would accept a liberalisation on these lines[52]. Arguably more interesting are the Board of Trade's longer-term goals in colonial markets, revealed in reaction to Gorell Barnes's views. The Board felt unable to help implement Gorell Barnes's proposal that counter-inflationary supplies should be deemed 'essential'[53]. Moreover, privately, Board of Trade officials doubted Britain's ability to meet West Africa's needs for consumer goods so long as local tastes remained

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51 CO 537/3226, report by Rees-Williams, 'West African Tour - 1948', 27 Sept 1948.

52 CO 852/801, telegram from Gorell Barnes to Creech Jones, 20 July 1948; CO 852/874/7, CDWP(48)9th meeting, 27 July 1948; Morgan (1980) II, p.15.

53 CO 852/801, letter from Harris (BoT) to Gorell Barnes, 29 July 1948, cited in Morgan (1980) II, p.15.

conservative. For example, British manufacturers would be unable to supply cotton textiles in sufficient quantities, and London would have to agree to the release of dollars to permit purchases of goods from the United States. However, the Board saw this as an opportunity to stimulate new demand in colonial markets for other kinds of British goods, such as watches, rayon goods, radios, footwear and cameras. As one official observed:

> There is, of course, a tremendous job of export promotion involved, but the opportunities are great, and if missed are unlikely to recur[54].

There was a further practical consideration, as the same official continued:

> ...I feel that the opportunity of increasing our exports to a very desirable long term market, is a great one. Moreover, it is only if we can provide West Africa with the goods she needs, that we can expect to use the dollars she earns to pay for our own imports[55].

These supply problems revealed tensions and conflicting interests within Whitehall. For instance, the Treasury remained adamant that strict colonial import control was essential to maintain the sterling balances as a support for the pound[56]. The Board of Trade, however, feared that continuing import controls would deprive certain British exporters of valuable colonial markets. It had been the Board's policy since 1945 to try to maintain at least a 'trickle' of exports to as many markets as possible, hence its concern in December 1947 when the colonies were

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54 BT 11/4089, minute by Dyson, 3 Aug 1948.

55 Ibid..

56 Morgan (1980) II, pp.53-63.

instructed to reduce their imports from Britain[57]. In September 1947, Cripps presented the Treasury's new 'export plan', a deliberate attempt to direct Britain's exports towards 'hard' markets so as to improve the balance of payments position. By December 1947, the Treasury and the Board of Trade had graded overseas markets according to desirability, and this criterion shaped the direction of exports during 1948. Nevertheless, the Board, anxious to safeguard long-term trading interests, was concerned that this policy might damage traditional markets[58].

A similar divergence of views surrounded the question of conserving dollars. Whereas the unifying theme in Whitehall's policy after August 1947 was the need to reduce dollar expenditure, the Board of Trade considered that it was politically impossible for Britain to continue to 'cream off' the West African producers' return. Following the increase in price paid to cocoa producers in the season beginning in autumn 1948, the Board foresaw that the gap between the Gold Coast's exports and imports would worsen, and believed that unless British exports to the territory were increased, absorbing the new local purchasing power, pressure against the Gold Coast's dollar ceiling on imports would become difficult to resist[59].

In the Colonial Office, the supply problem encouraged fundamental doubts about the entire strategy of maximising exports to the dollar area. One danger, it was felt, was

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57 CO 537/3095, CD(47)7, Dollar Drain Committee. Colonial Empire. Progress Report by the Treasury, 10 Dec 1947.

58 Miller (1986), pp.317-38.

59 BT 11/4089, minute by Harris, 5 Aug 1948.

that unless more consumer goods were diverted to the colonies, the colonies might seek to spend more dollars on these goods than could be earned by direct British exports to dollar markets[60]. The only way to give the British economy long-term security, it was argued, was to divert more exports to the colonies, so that their wealth and dollar-earning capacity could be expanded, a course which would require Whitehall to consider colonial needs far more seriously than hitherto[61].

Development finance

Just as the post-war years witnessed a sharp reduction in Britain's capacity to meet the colonies' material needs, so too the period saw the Colonial Empire being effectively starved of development finance. Although unprecedentedly large amounts of grant aid had been promised under the 1945 Colonial Development and Welfare Act, the supply of investment capital shrank. Colonies were discouraged from borrowing on the London money markets on the grounds that domestic reconstruction took precedence over colonial needs[62]. In August 1948, Creech Jones raised this problem with the Treasury, fearing that restrictions on the colonies' freedom to borrow might be seen as exploitative. In its report, the Colonial Development Working Party subsequently concluded that development loans of up to L60 million over the following three to four years were

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60 CO 537/3146, CDWP(48)5th meeting, 8 Apr 1948.

61 CO 852/889/3, memo. by Gorell Barnes, 'Economic Planning in the Colonies', 3 Aug 1948.

62 Morgan (1980) II, pp.46-52.

acceptable, a recommendation later endorsed in principle by the Treasury. The relatively small figure was excused on the grounds that loans were only one of the available sources of funding[63].

Equally problematic were the colonial sterling balances held in London. It was noted in the previous chapter that the question of the colonies' right to draw on these reserves for development purposes created divisions in Whitehall, with the Treasury advocating the conversion of part of the balances into CD & W allocations and interest-free loans, while the Colonial Office, vigorously opposed to cancellation, acquiescing in the loan-conversion proposal, and favouring measures to prevent their liquidation. In effect, the consolidation of the Sterling Area after 1947, and London's commitment to maintaining the sterling balances at a high level, meant that the colonies were lending to Britain at a low interest rate[64].

Even the vaunted CD & W provision proved to be a disappointment. In total, the allocation of L120 million for development appeared impressive, but, when distributed among a combined population of over sixty millions, and over a period of ten years, its true significance was modest. Even these sums were not fully expended. By 1951, only about L40 million had actually been spent, representing approximately one sixth of the net colonial contribution to sterling in the form of loans by colonial governments to London and the

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63 CAB 134/65, Report of the Colonial Development Working Party (Revised), 11 Oct 1948.

64 Morgan (1980) II, pp.53-62; Porter and Stockwell (1987), p.48; Hinds (1987), p.154; Bowden (1980), p.231; Fieldhouse (1984), p.96.

sterling balances amassed by the state marketing boards which purchased colonial produce under monopolistic conditions, generally on terms advantageous to the British consumer. Moreover, the CD & W grants taken up were targeted heavily towards reinforcing existing patterns of production. Economic diversification figured in approved development schemes only to a marginal extent. For example, in the financial year 1946-47, whereas L2.2 million were spent on agricultural schemes, only L3,943 were spent on industrial development[65].

At the height of post-crisis metropolitan enthusiasm for colonial development, there had been some discussion among officials in London of the possible value of borrowing dollars to achieve a faster rate of progress, for example enabling colonies to buy agricultural machinery in the United States. Through informal contacts with American officials, Whitehall learned of a growing interest in African opportunities among private US investors[66]. The Colonial Office responded publicly that foreign private investment in the colonies was welcome if it complemented existing development plans and observed local welfare and labour regulations[67]. Privately, however, officials were uneasy at the prospect of foreign control over individual development projects. Nor could they afford to ignore the political ramifications of foreign investment in the colonies, or the sensitive question of the repatriation of

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65 D.K. Fieldhouse, review of Morgan (1980) Volume II, English Historical Review, Apr 1982, pp.386-94.

66 CO 852/875/1, Trefgarne to CO, 12 Jan 1948; ibid., CDWP(48)5, 12 Jan 1948; CO 852/877/1, Makins (FO) to Caine, 15 Aug 1947.

67 Morgan (1980) II, p.100.

profits made in the colonies[68]. Creech Jones in particular was reluctant to see American private capital gaining a dominant position in individual colonies[69]. Similarly, the Colonial Office was cool towards investment either by the United States Government or by the International Bank for Reconstruction and Development. International Bank loans were considered too expensive for most colonies, but more important was official concern that 'strings' might accompany these loans, for example giving the Bank the right to observe how its money was spent[70]. Borrowing directly from the US Government was thought to carry the risk that loans towards colonial development might be deducted from Britain's allocation of Marshall Aid, and would almost certainly involve an unacceptable degree of interference[71].

The Colonial Office was not unanimous on this question. Caine, often at variance with his colleagues in the past, warned

> I have very little doubt myself that if we decide not to enlist American aid the absolute limitations of our own resources available for capital development will result in the practical progress made being very much smaller than the vast majority of people are now expecting[72].

The Colonial Development Working Party eventually concluded that the whole subject of attracting private US capital was

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68 CO 852/877/1, Caine to Makins, 18 Aug 1947.

69 CO 537/3030, draft note, 'Economic Development in the Colonies', Feb 1948.

70 CO 852/877/1, Rowe-Dutton (Treasury) to Caine, 18 Sept 1947; ibid., minutes by Eastwood and Ivor Thomas, 18 Sept 1947.

71 CO 852/875/1, CDWP(48)20, memo. by CO, 'Investment of foreign capital in the Colonies', 9 Mar 1948.

72 CO 852/877/1, minute by Caine, 6 Nov 1947.

fraught with difficulties. Moreover, IBRD loans could only be used for purchases outside Britain and the colonies, and, since those goods which Britain could not supply seemed equally scarce in the United States, there seemed to be no advantage in borrowing dollars for this purpose. The conclusion was that, in the short term at least, most external investment in the colonies would have to come from Britain[73].

Earlier discussions in Whitehall had, however, revealed more fundamental objections to foreign penetration of the colonial economies. The CDWP's interim report had, for example, hoped that any temporary advantage gained from an earlier availability of foreign goods obtained through loans would not deprive Britain of long-term colonial markets necessary to pay for Britain's future imports of colonial produce[74]. Similarly, when the Economic Planning Board met to consider the CDWP's draft interim report, Sir Archibald Rowlands, Permanent Secretary at the Ministry of Supply, argued that it would be a 'profound mistake' to encourage foreign capital into the colonies, given Britain's need to re-create its overseas investment fund and rebuild its 'lost' Empire, adding that 'trade had in the past always followed the flag'. Moreover, since little investment seemed practicable in the foreseeable future, he believed that Britain should concentrate on 'making do' in the colonies until its own economic position permitted it to resume overseas investment[75]. His colleagues on the Board agreed

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73 CAB 134/65, Report of the CDWP (Revised), 11 Oct 1948.

74 CO 852/868/3, CEDC(48)2 CDWP draft Interim Report, 12 Apr 1948.

that since the colonial territories would be required as markets for British capital goods and as a source of investment income, British capital should be invested in the colonies to the maximum extent possible under existing economic conditions, thereby endorsing the CDWP's interim recommendations[76].

Whitehall and colonial industrialisation

Interwoven among the more immediate problems of a shortage of supplies and development finance as obstacles to colonial diversification after 1947 was an increasingly prominent, though privately expressed, antipathy within Whitehall to colonial industrialisation. This was in marked contrast to the apparent wartime thaw in metropolitan official attitudes, which had encouraged the Colonial Office to adopt a relatively robust position on the subject in its dealings with other government departments. The hardening climate of opinion in Whitehall after 1947, fostering an entrenchment of pre-war beliefs in the complementarity of the metropolitan and colonial economies (themselves strengthened by the rise in world commodity prices, which heightened the attraction of colonial produce bought at fixed prices, often on long-term contracts[77]) offered little scope for the development of the Colonial Office's wartime views on the value of limited industrialisation, and the

75 CO 537/3146, EPB(48)6th meeting, 15 Apr 1948. The EPB was a purely advisory body, comprising the Chief Planning Officer, the Permanent Under-Secretaries of several government departments and representatives of the CEPS, the employers' organisations and the TUC.

76 Ibid..

77 Porter and Stockwell (1987), pp.48-9.

Office found itself outnumbered and outflanked in the Whitehall hierarchy, lacking political weight, poorly placed to withstand concerted governmental pressure to gear development unambiguously towards primary export production, or to confront a Treasury fast regaining control over economic policy after the temporary eclipse of its influence during the war[78].

An early example of the resurgence of opposition to colonial industrialisation surfaced during the preparation of the Overseas Resources Development Bill in 1947. The Ministry of Food, anxious to press ahead with legislation embodying the East African Groundnut Scheme, complained that a joint Bill, creating both the Overseas Food Corporation and the Colonial Development Corporation, might cause delays, since the CDC was to be empowered to promote secondary industries, a question still considered controversial[79].

The growing potential for conflict between the policy goals of the Colonial Office and those of other sections of Whitehall is illustrated by the Office's reaction to draft guidelines on colonial investment priorities, prepared by the Central Economic Planning Staff in 1948 at the Colonial Development Working Party's request, and which enjoyed the Treasury's approval[80]. To the Office, the suggested priorities seemed 'almost incredible', since they attached

78 On the Treasury's changing fortunes, see Lee (1980), pp.102-3, and Cairncross (1985), pp.50-6.

79 CO 537/2003, note of meeting at Ministry of Food, 30 May 1947.

80 CO 852/876/1, Grant (Treasury) to Croome (CEPS), 9 Aug 1948.

little importance to what would benefit the colonies, concentrating instead on how their resources could benefit Britain, especially in producing dollar-earning/saving raw materials and food. Moreover, the CEPS had suggested that colonial industrialisation should, in terms of development priorities, 'come third by a considerable margin', and that any such proposals should be considered in terms of their possible effects on British export interests. Similarly, the Treasury argued that colonial labour should be deployed in directly productive activities, and that the minimum possible effort should be deflected from food and raw materials production[81]. The Colonial Office judged such attitudes 'deplorable', lending weight to accusations that development policy was essentially exploitative[82].

During 1948, the CEPS even attempted to justify proposals to curb colonial welfare expenditure, arguing that social development could proceed only at a rate warranted by the level of local economic development, otherwise the colonies might incur expenditure commitments beyond their means, and so require British financial assistance, inevitably delaying their progress towards self-government[83]. This was, implicitly, an attempt to return to the discredited pre-war doctrine of colonial financial self-sufficiency, theoretically abandoned with the passage of the 1940 CD & W Act. Colonial Office protests, however, secured

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81 T236/696, Rowe-Dutton (Treasury) to Caine, 5 Feb 1948.

82 CO 852/876/1, K.E. Robinson to Gorell Barnes, 9 Aug 1948; ibid., minute by Gorell Barnes, 10 Aug 1948; ibid., note of meeting held in CEPS on 'Principles of Colonial Investment', 11 Aug 1948.

83 CO 852/875/3, CDWP(48)50, memo. by CEPS, 'Principles for the Guidance of Colonial Investment', 14 Sept 1948.

a revision of the CEPS's guidelines, giving greater prominence to colonial interests. For instance, the Office argued that if serious political consequences were to be avoided, future development would have to balance economic and social objectives, and called for greater emphasis on diversification, though it acknowledged that industrial development should not be an end in itself, when primary production was probably, in most cases, more profitable for the colonies themselves. The Office also considered that it would be impossible to justify cuts in colonial welfare expenditure at a time when so much progress was being made in this field in Britain[84].

The Colonial Office's qualified success in resisting the more extreme demands of the CEPS was probably due in no small measure to the recent, startling, experience of disturbances in the Gold Coast. While the impact of the Accra Riots on London's plans for the Colony's constitutional development remains a matter for debate, the incident seems to have made London more sensitive to the political implications of colonial economic policy, leading to a perceptible softening of the development strategy.

Nevertheless, the fundamental conclusion reached by the CEPS was that it was necessary to devote the greatest possible part of available capital resources to highly remunerative projects, which was recognised as implying a 'bias' in development towards deriving the maximum contribution from colonial resources to the Sterling Area's balance of payments. In deference to the Colonial Office, the revised version of the CEPS's paper stated that this

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84 CO 852/876/1, note of meeting with CEPS, 11 Aug 1948.

basic objective should be pursued as far as was consistent with progress towards other goals, including the raising of colonial standards of consumption and the promotion of those economic activities, whether primary or secondary, in which individual territories were best equipped to engage[85].

These adjustments were reinforced in the CDWP's final report. Stressing the need to secure the mutual advantage of Britain and the colonies, the CDWP argued that both would benefit from the early achievement of a balance of external payments by the Sterling Area. The Report endorsed the CEPS's contention that colonial development in turn depended on metropolitan recovery:

> Unless the sterling area as a whole succeeds in restoring the balance of its external payments at a high level, the United Kingdom itself will be unable to provide the overseas capital investment upon which the Colonial territories must rely if their economic development is to be accelerated.

It was, therefore, necessary for the colonies, in their <u>own</u> interests, to make the maximum contribution to Sterling Area recovery[86].

However, the CDWP accepted the Colonial Office's view that investment should not concentrate on highly profitable projects since 'even from the purely economic point of view this would be self-frustrating'. More importantly, the political consequences would be 'most serious'. Development, it was agreed, must be balanced, and must include provision for social expenditure. However, the Working Party accepted

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85 CO 852/875/3, CDWP(48)50, memo. by CEPS, 'Principles for the Guidance of Colonial Investment', 14 Sept 1948.

86 CAB 134/65, Report of the CDWP (Revised), 11 Oct 1948.

the CEPS's argument that capital investment had to be related to each territory's capacity:

> The goal of self-government in the Colonies will be reached more slowly if the burden of maintenance charges for roads, air and seaports, hospitals and schools is so inflated that it cannot be met without external financial assistance wherever economic difficulties are encountered.

On the bias in future development, moreover, the CDWP offered little hope that much progress would be made with industrialisation:

> The main increase in Colonial production within the next few years must, in our view, come from the expansion and improvement of existing agriculture and existing mining enterprises[87].

The CDWP also suggested general principles to guide colonial production of commodities. First, it was thought preferable to expand production of items which were problematic for <u>scarcity</u> reasons rather than for <u>currency</u> reasons alone,

> since a commodity now in world short supply is likely to have a more assured market than one which is readily available if purchasers have the requisite currency.

Secondly, the commodities produced should be marketable at a competitive price on the world market in the long term. Both these points echoed the Colonial Office's continuing concern, despite the prevailing buoyant market, about the problems of commodity disposal, a concern rooted in pre-war experiences[88]. Nevertheless, in the same month that the CDWP produced its report, Creech Jones warned the Cabinet of the fears expressed by delegates at the recent Africa Conference about the long-term implications of current colonial

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87 Ibid..

88 Ibid.; CO 852/878/1, EPB(48)13th meeting, 21 Oct 1948.

production. In particular, they were concerned that 'when the immediate demand for increased production of certain dollar-earning and dollar-saving commodities becomes less acute, the local industries would be left to their fate without protection and without adequate markets[89].'

When the CDWP's final report was discussed by the Colonial Economic Development Council in October 1948, W.A. Lewis detected two basic problems with the existing approach to colonial development: insufficient attention was being paid either to peasant agriculture or to the development of secondary industries. Lewis was still championing the thesis he had put forward during the CEAC's wartime discussions on industrial development, that in many colonies, effective agricultural development required a parallel and complementary drive towards industrialisation. Lewis criticised Hinden for failing to recognise this in her pamphlet Common Sense and Colonial Development, which he had read in draft:

> The whole discussion is in terms of either or, as if it were not a historical fact that agricultural and industrial development have always gone hand in hand[90].

Responding to Lewis, the Council agreed that the importance of agricultural investment should be emphasised. On industrial development, the view was taken that it was premature to assess the adequacy of plans in this field until the CDC was fully operational, as the Corporation was known to be considering a number of proposals. Furthermore,

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89 CAB 129/30 CP(48)237, 'The African Conference. Memorandum by the Secretary of State for the Colonies', 12 Oct 1948; see also Gupta (1983), p.109.

90 CO 852/868/5, CEDC(48)5th minutes, 19 Oct 1948; FCB 32/4, f23, Lewis to Hinden, 2 Dec 1948.

several colonial governments had established local corporations to stimulate secondary industry, and their progress should be awaited[91].

The CDWP's report was subsequently discussed and endorsed by both the Economic Planning Board and the high-level Cabinet Economic Policy Committee, a small, select body chaired by Attlee, responsible for both home and overseas economic policy[92]. A criticism of the report made by the Board, and later echoed by both Cripps and Creech Jones, was that inadequate emphasis had been given to agricultural development. Sir Graham Cunningham, a member both of the Board and of the CEDC, and a former senior official in the Ministry of Supply, for example, argued that the development plans submitted by colonial governments suggested that the main problem was not to <u>raise</u> local living standards, but to prevent them from <u>falling</u>, for instance as a result of soil erosion. In his view, the colonies were basically agricultural, and secondary industries could not be developed for a number of years[93].

The Colonial Office and industrial development

Against such comprehensive metropolitan indifference, or even hostility, to colonial industrialisation, the Colonial Office had few opportunities to defend the policy goals which it had established during the 'reconstruction planning' period. The Office became notably silent on

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91 CO 852/868/5, CEDC(48)5th minutes, 19 Oct 1948.

92 G.D.N. Worswick and P.H. Ady (eds), <u>The British Economy, 1945-50</u>, (Oxford, 1952), p.348; Cairncross (1985), p.51.

93 CO 852/878/1, EPB(48)13th meeting, 21 Oct 1948; CAB 134/219, EPC(48)92, 1 Nov 1948.

industrialisation after 1947, provoking a rebuke from Oliver Stanley in the Commons when the annual report on the Colonial Empire was debated in July 1947. Even privately, there were few discussions in the Office on this controversial subject, in distinct contrast to the period 1945-46, when, for example, officials had been vigorous in defending proposals to develop textile industries in Nigeria[94]. Similarly, although industrialisation was considered by officials in preparation for the African Governors' Conference of November 1947, at which a new course in colonial policy was to be revealed and explained to the assembled administrators, the Colonial Office produced no discussion paper on the subject specifically for the Conference, although numerous memoranda were prepared on other economic matters; instead, officials simply resurrected the circular despatch which Stanley had issued in February 1947. Significantly, the Conference noted but did not discuss this[95].

The consumer goods shortage in this period did not, apparently, encourage the Colonial Office to consider systematically the value of local import-substituting manufacture, as it had to some extent during the war. Soon after import controls were imposed following the covertibility fiasco, the Parliamentary Under-Secretary, Ivor Thomas approached Cripps with a proposal that in addition to producing dollar earning or saving commodities, the colonies might produce for themselves some of the goods

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94 See above, pp.81-2.

95 CO 852/860/2, Record of the proceedings of the Conference of African Governors (8-21 November 1947), Nov 1947.

they needed, thus reducing imports, especially from the dollar area[96]. This idea was not, apparently, developed, probably due to discouraging wartime experiences combined with the cool response of other government departments.

The most important consequence of the scarcity of consumer goods was the threat of inflation, with its attendant risks of political discontent. However, the Colonial Office's response was not an effort to expand supplies, either through exports from Britain or through local production, but rather encouragements to restrict the local money supply, for example through revised taxation policies. In West Africa, a key device was state produce marketing, seen by the Colonial Office as 'the most effective' means of countering the effects of large increases in producer incomes[97]. The Office continued to attach importance to accumulation by the state marketing boards of ever greater funds which could be drawn upon to stabilise producer incomes. Moreover, the wartime practice of paying producers prices lower than those current on the world market continued, even after locally-organised marketing boards assumed control after 1947[98].

During 1948, the Colonial Office showed signs of a renewed interest in industrialisation, due, chiefly, to a growing awareness of local enthusiasm for development in this direction. The events in the Gold Coast in spring 1948 appear to have shaken officials out of their lethargy, and

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96 CO 537/3027, Thomas to Cripps, 17 Sept 1947.

97 CO 852/1041/2, memo. by Research Section, Economic General Dept., CO, 'Survey of inflationary and deflationary tendencies in the Colonies', 21 July 1949.

98 Meredith (1986), pp.77-91.

discussions on industrial development became more frequent thereafter. When Thomas's successor, Rees-Williams, visited West Africa in summer 1948, he discovered a widespread local demand for industrialisation. He found the local population - he was no more specific - 'desperately' keen on economic development, by which was meant industrial development. He concluded that West Africans were even more interested in economic questions than in political matters. However, he considered much of this thinking was muddled. For example, he found that 'Every territory wants to be self-sufficient in everything, which is absurd'. But while he believed the region would continue to have an agriculturally based economy, he saw room for diversification through processing, light engineering and the production of consumer goods. Rees-Williams noted the start made by local development corporations, but drew attention to the continuing scarcity of African entrepreneurs and managers:

> The African looks for safe jobs where he can wear a white collar. His mendicant outlook blames government for all his shortcomings and believes that it has all the means to provide him with an up-to-date economy with no trouble or work on his part[99].

One of the major conclusions reached by Rees-Williams in his report on his trip was that a far greater effort was needed to promote industrial development, for example through the provision of finance and training[100]. This interpretation was generally approved at a meeting called by Creech Jones in the Colonial Office early in October 1948. However, it was not thought that any specific action on

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99 CO 537/3226, 'West African Tour - 1948', 27 Sept 1948.

100 Ibid..

industrialisation was required from the Office's Economic Division at this stage[101].

In its sporadic discussions on industrial development after 1947, the Colonial Office felt obliged to concentrate on what seemed feasible, and, given the immense constraints on development, to establish clear priorities so that scarce resources were used as effectively as possible. In this context, effectiveness was measured according to the benefit to be derived by Britain as much as by the colonies themselves. As Rees-Williams put it:

> It is obviously essential that there should be the maximum amount of development in the shortest possible time, otherwise the Government's plan of economic development and the integration of the Colonies with Western Europe and the Commonwealth will fail. If it fails, I cannot personally see how we can get out of our difficulties, and if we go down, the Colonies will go down with us[102].

To prevent the dissipation of materials and resources, Rees-Williams called on the Colonial Office to prepare a list of priority projects. This list, produced by the Economic Intelligence and Planning Department, was completed by September 1948, and reproduced, unaltered, in November and December. The activities judged to have priority involved mainly the production of food and raw materials such as cotton, tobacco, hard fibres and tin, together with experiments in new agricultural techniques, hydro-electricity schemes, communications and education. A separate list, dealing specifically with West Africa, said little about industrial potential, apart from a reference to

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101 CO 537/3561, minute by Poynton, 7 Oct 1948.

102 CO 852/888/4, minute, 27 May 1948.

installing palm-oil mills and the possibility of establishing a plywood factory, also in Nigeria[103].

The colonial governments and industrialisation

Despite the apparent hesitancy, even ambivalence, in its own attitudes in the face of multiple constraints, the Colonial Office's fundamental faith in industrial development explains its dismay that this area was conspicuously neglected in a number of the development schemes submitted by local governments. In its desire to promote modernisation, the Office had to overcome the conservatism of local officials, who were thought to regard London's missives as products of the latest change in fashion in Whitehall[104]. An index of the colonial governments' grasp of the new urgency informing development policy was the disappointing response to Creech Jones's despatch of February 1947 which called for substantial increases in productivity. By July, only one government (Zanzibar's) had replied[105]. Within the Office, fears persisted that local governments gave inadequate priority to economic, as opposed to social, development in their planning. This theme arose when the Committee on the Conference of African Governors, created at the beginning of 1947 to prepare the Agenda for the African Governors' Conference of November 1947, discussed means of securing more efficient economic organisation in the colonial

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103 Ibid., 'Priority Development Projects October 1948', 24 Sept 1948.

104 CO 537/3226, 'West African Tour - 1948', 27 Sept 1948.

105 CO 852/1003/4, circular despatch, 13 July 1947.

territories. Caine, chairing the Committee, noted that the development programmes so far submitted by African governments were generally deficient on the economic side of development, a problem he had been warning of since 1943[106]. The Gold Coast Development Plan, submitted in December 1946, was a case in point. The Plan was criticised for being 'unduly conservative' in its financial provision, in view of the territory's healthy excess of revenue over expenditure[107]. As Cohen observed:

> In the Gold Coast we have greater opportunities for development than perhaps anywhere else in Africa. We have good relations between the Government and the people, plenty of money and great economic resources. But little hard thinking seems to have been devoted to the problem of developing the natural resources of the Territory[108].

Moreover, the Office's Development Adviser, Sir Frank Stockdale, noted the Plan's neglect of industrial development, which he thought 'certainly a matter which requires careful consideration'[109]. Officials believed that the industrial potential of the Gold Coast should be reviewed, together with the government's policy on encouraging industry[110].

Governor Burns was subsequently asked by the Colonial Office to review the Plan, especially its economic

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106 CO 847/36/2, CCAG 2nd meeting, 11 Feb 1947.

107 CO 96/806/3/31596/1948, note by A.P. Rogers, 25 June 1948.

108 CO 96/806/2/31596/1946-47, minute, 27 Feb 1947.

109 Ibid., minute, 8 Feb 1948.

110 Ibid., 'Comments on Gold Coast Draft Ten Year Plan' (unsigned, n.d.).

components[111]. This proved to be a slow process, however, and as late as November 1948, the Gold Coast Government was reported to be beginning to prepare a new ten year development plan[112]. It is notable in this context that one of the economic causes of the Accra Riots identified by the Watson Commission of Enquiry was a local sentiment that the Gold Coast government had not formulated any plans for the future of industry and agriculture, and that it was uninterested in any development apart from production for export[113].

Fresh evidence that the government was unenthusiastic about industrial development emerged during Rees-Williams' trip to West Africa in summer 1948. During his talks with Gold Coast officials, the question of consumer goods shortages inevitably arose, an issue of special importance in view of the forthcoming increase in cocoa prices and the spur to inflation likely to result. Rees-Williams suggested that the only answer was an increased flow of consumer goods, and promised that every effort would be made to export them to the Gold Coast. However, he also asked local officials whether factories could not be established in the territory to manufacture consumer goods, adding that the CDC would be very interested in this sort of development[114]. The response of local officials was significantly lukewarm. The Secretary for Commerce and Industries explained that the

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111 Ibid., Lloyd to Burns (Accra), 3 Mar 1947.

112 CO 537/3227, 'CO Internal Report', Nov 1948.

113 Col.no.231, Report of the Commission of Enquiry into Disturbances in the Gold Coast, 1948, 8 June 1948.

114 CO 852/801/1, minutes of meeting held by Rees-Williams in Accra, 22 Aug 1948.

Gold Coast had few raw materials other than agricultural produce, and that for industries based on anything else, the raw materials would have to be imported. When told by the Secretary for Rural Development that the question of industrialisation had not yet been thoroughly examined, Rees-Williams replied that it was of the first importance, and must be considered carefully. The promotion of industry had already been recommended by the Watson Commission[115].

Officials in Accra were no more encouraging about the Industrial Development Corporation which the Gold Coast had recently created. The Corporation was expected to concentrate on minor projects, such as the manufacture of starch from tapioca and cassava. Rees-Williams asked whether the Corporation planned to establish and manage any industries itself, but was told that the intention was to foster private enterprise rather than to engage directly in production. As a result of this disappointing exchange, it was decided that the possibility of establishing factories for consumer goods should be considered[116].

The apparent apathy of local officials was particularly worrying for the Colonial Office because of the importance increasingly attached to the colonial state as the engine of development. It also appeared paradoxical, given that contemporary studies suggested that in the colonies as a whole, the state controlled about half the current investment[117]. In Rees-Williams's opinion, the West African

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115 Col.no.231, Report of the Commission of Enquiry into Disturbances in the Gold Coast, 1948, 8 June 1948.

116 CO 852/801/1, minutes of meeting held by Rees-Williams in Accra, 22 Aug 1948.

117 CAB 134/65, Report of the CDWP (Revised), 11 Oct 1948.

territories were confronting the problems of the modern world with little of the machinery or outlook of the modern state:

> Some of the senior officials seem to regard modern planning as just the most recent fad. First it was indirect rule, then social welfare, later mass education and now economic development[118].

The attitudes and capacities of local administrators were, it seemed, a key obstacle to implementing the more interventionist development policies identified by the Colonial Office as necessary.

The Role of Private Enterprise

If the West African local governments showed little ability to take an initiatory role in development, what prospects were there for private enterprise to take the lead? The British government's attitudes towards the role of private enterprise in development were summarised by Rees-Williams in July 1948:

> I personally do not believe that private enterprise was ever able to do the job of developing the Colonial Empire, and we do not believe that private enterprise would be able to do the job. That is the whole bedrock of our policy[119].

Since early 1947, awareness had grown in London that without substantial private enterprise in the colonies, governments would increasingly have to take the place of the private investor, examining available resources, deciding what form development should take, and providing the capital and

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118 CO 537/3226, 'West African Tour - 1948', 27 Sept 1948.

119 PD(C) 454, col.611, 22 July 1948.

organisation required[120]. It was, unsurprisingly, at the same time that the Colonial Office's discussions on development corporations were resumed.

Yet the expatriate firms operating in West Africa were not indifferent to development in this period. As in the latter years of the war, they continued to show an interest in diversification into industrial projects. For example, among the schemes submitted to the CDC by Nigeria in the first half of 1948 were two such proposals. The first was a scheme to establish a machine-spinning industry to process locally-produced and ginned cotton. This, it was hoped, would encourage the peasant hand-weaving industry by providing increased supplies of better quality yarn. While the Nigerian government did not intend to participate in the scheme, the United Africa Company and other firms were said to be interested[121].

The second scheme was a proposal to establish a factory to make produce bags out of locally grown fibres. This would save expenditure on imported jute sacks and ensure a supply of bags for Nigeria's own export crops. Again, the government did not intend to participate beyond ensuring an adequate supply of suitable fibres, but the UAC was said to be considering taking part in the scheme[122].

Although there was continuing evidence, therefore, that expatriate enterprise was interested in local industrial development, the critical impediment remained that local

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120 CO 847/36/2, CCAG 2nd meeting, 11 Feb 1947.

121 CO 537/3031, 'Schemes submitted by Nigeria to the CDC', 9 June 1948.

122 Ibid..

attitudes to firms like the UAC were hostile. Recognition of this problem in London was not confined to the Colonial Office. In its report on colonial development, the Select Committee on Estimates warned that private enterprise could not participate fully in development as long as the belief existed among the colonial peoples that outside firms exploited them unfairly[123]. The Committee took the problem of African hostility to the firms seriously. One of its members, Sir Ralph Glyn, subsequently wrote to Sir Thomas Lloyd on the subject. He noted the 'immense' contribution which the UAC had made to Nigerian development, but added that the very fact that the Company was so powerful and virtually monopolistic constituted a deterrent to the emergence of smaller private enterprise.

> I think all of us on the Committee felt that this was a most unfortunate position, and that anything that could be done to attract capital investment in the country by concerns other than the United Africa Company would be greatly to the benefit of the Africans[124].

The Watson Commission found that among local grievances in the Gold Coast about consumer goods was the 'monopolistic' position of the importing firms, and the consequent restriction of African enterprise[125]. Similarly, Rees-Williams commented on local attitudes towards the European firms following his visit to West Africa, regarding the question as being of the 'highest' political importance:

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123 H.C. 181, Fifth Report of the Select Committee on Estimates. Session 1947-48. Colonial Development, 30 July 1948.

124 CO 852/855/4, letter, 12 Sept 1948.

125 Col.no.231, Report of the Commission of Enquiry into Disturbances in the Gold Coast, 1948, 8 June 1948.

> Everywhere I met hostility towards the big import houses, especially U.A.C., among Europeans as much as among Africans.

In his view, it was on its treatment of the firms more than anything else that the Labour Government would be judged[126].

Officials in London found that their freedom of action was restricted by the hostility which Rees-Williams described. For example, in July 1948, at an interdepartmental meeting held to discuss the supply of consumer goods to West Africa, the suggestion was made that the problem should be discussed with the expatriate firms trading in the region. These talks were not arranged, however, because Governor Creasy of the Gold Coast feared that they might reinforce local suspicions of collusion between colonial officials and the firms[127].

Late in 1948, active consideration was being given by the Labour Party, through its Sub-Committee on Industries for Nationalisation, to the case for taking the UAC into public ownership. This case did not rest on allegations that the Company made excessive profits. Since the UAC published no accounts, its profit levels were unknown, but the Sub-Committee accepted, as the Nowell Commission had in 1937, that they were not unduly high. Moreover, nationalisation was not regarded as an appropriate solution to the question of profits, as other controls existed or could be applied if necessary[128].

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126 CO 537/3226, 'West African Tour - 1948', 27 Sept 1948.

127 Morgan (1980) II, p.15.

128 Rhodes House Library, MSS Brit.Emp.s332, Creech Jones Papers, ACJ 45/1, ff13-14, Labour Party Sub-Committee on Industries for Nationalisation, 'The United Africa Company', Oct 1948.

More important, in the Sub-Committee's view, were the restrictive effects on development arising from the Company's activities. The UAC, whose primary interest was trade, was alleged to have deliberately stifled industrial development in West Africa. Although the Company might point to the industrial enterprises which it had established and operated in the area, and claim an interest in any similar profitable schemes, this was not felt to evade the basic problem that the Company's need to make a profit meant that it would have to set the profits accruing from local manufacturing against the loss of profits from trade[129].

Furthermore, the Company was suspected of opposing new developments outside its control, and of hostility to African enterprise.

> What West Africa needs is a great trading organisation that will help to develop local enterprise by offering contracts, advice, and assistance; instead, it gets a great organisation which, by its very nature, must have, and has had, just the opposite effect.

This led the Sub-Committee to what it considered to be the strongest element in the case for nationalisation: the fact that the Company's organisation could then be used to promote economic development, in which industrialisation would be prominent. The UAC structure was seen as the ideal foundation for a consumer co-operative system in West Africa, a system which would have little chance of establishing itself in competition with the Company.

Reinforcing these arguments was the <u>political</u> case for nationalisation:

> The U.A.C. is thoroughly detested in West Africa, not so much because of its profits

129 Ibid..

> (though exaggerated notions are held on this subject) but rather because, in the economic sphere, it is widely believed to have sabotaged the development of native enterprise and of secondary industries, and in the political sphere, it has obviously wielded great power in the past, and had excessive influence upon Governors and upon Secretaries of State.

While it was no longer thought that the political charge was applicable, because the hostility of local administrators to the UAC was so marked, Britain could no longer afford, politically, to maintain an institution so resented by local African leaders, to whom

> the U.A.C. is the instrument and the symbol of British economic imperialism, and they will never have full confidence in the British government as long as they continue to see the company's tentacles everywhere that they turn[130].

Late 1948, however, was an unpropitious time for discussions on nationalising the Company, given the Labour government's shift towards 'consolidation' instead of further extensions of public ownership. Nevertheless, in light of Rees-Williams's report, and possibly in response to pressure from Labour's colonial specialists, Creech Jones called for a detailed study of the organisation of West African trade, with particular reference to the position of the big trading companies[131].

The Colonial Development Corporation

Continuing doubts about the adequacy of local development machinery, combined with the problems arising from the activities of private enterprise, account for the

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130 Ibid..

131 CO 537/3561, minute by Poynton, 7 Oct 1948.

importance attached by the Colonial Office to the creation of the Colonial Development Corporation, and for official disappointment with the latter's initial role.

The Corporation, intended to be commercial and self-supporting, enjoyed a high degree of operational independence, and wide discretion in judging the commercial soundness of schemes proposed to it[132]. A rift soon developed between the Colonial Office and the Corporation's chairman, Lord Trefgarne, who was determined to preserve his freedom of action, and who took as scriptural the injunction to bind the CDC's activities to strictly commercial principles. Advocates of this commercial role, and of the CDC's bias towards projects of direct benefit to Britain, justified their position by claiming that the immediate developmental needs of the colonies had already been met by successive CD & W Acts. The Colonial Office was even obliged to resist, successfully, Treasury attempts to use CD & W funds to finance the new Corporation[133].

Ironically, the CDC, designed as a vehicle for development acceptable to colonial opinion, itself became a target for colonial criticism, especially in West Africa, to the Colonial Office's dismay. The creation of the Corporation did nothing to reduce intense local suspicion of anything which could be interpreted as exploitation by outside capital, whether its source was private or public investment. The CDC soon came to be regarded as a vehicle for exploitation, not development. A key problem was the

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132 CO 852/875/1, 'The Colonial Development Corporation. Method of Operation', 5 Dec 1947.

133 CO 537/2002, note of informal discussion at Treasury, 14 May 1947.

Corporation's commercial character, which precluded involvement in urgently required, though not immediately profitable, development projects. The influential Pan-Africanist, George Padmore, described the CDC as:

> a system of State Capitalism, operated on behalf of the Labour Government by salaried executives working for a semi-official Corporation rather than for shareholders. This constitutes a new form of Economic Imperialism[134].

It had been recognised at an early stage in preparing the Overseas Resources Development Bill that the Corporation might be exposed to charges of exploitation. Consequently, particular stress was placed on the <u>mutual</u> benefits to be derived from development. Nevertheless, it was acknowledged that the entire question would have to be handled carefully when plans for the CDC were made public[135]. Bevin, especially, was concerned at the international political implications which might arise if Britain's colonial policy appeared to be exploitative. As he told Attlee:

> We must be careful that our plans for the development of our Colonial Dependencies cannot in any way be represented as springing solely from our own selfish interests. It is above all important that in their presentation there is no possible suggestion of exploitation of the colonial populations. In either case we may find ourselves exposed to bitter criticism in the United Nations and be obliged to defend ourselves against quite baseless charges. We know from experience that the possibilities of misrepresentation in this field are almost endless[136].

The Colonial Office's sensitivity to the scope for allegations of exploitation is illustrated by its attitude

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134 Quoted in <u>Empire</u>, November 1948.

135 CO 999/1, CEDC 13th minutes, 10 Mar 1947.

136 PREM 8/456, letter, 4 Oct 1947.

towards the proposed activities of the CDC's sister organisation, the Overseas Food Corporation, responsible to the Ministry of Food. The Office was afraid of reactions in the colonies to a large new body whose primary function was to obtain food for the British consumer. Ivor Thomas warned Attlee:

> There is in many parts of the Colonial Empire, particularly in West Africa, a deep-rooted suspicion of all large-scale enterprises from overseas, a suspicion which may not have been altogether unjustified in the past. A Labour Government should not run any danger of appearing to introduce a new and more potent form of capitalist exploitation[137].

In this instance, the Colonial Office successfully established the principle that the OFC should not operate in the colonies except at the express invitation of the Colonial Secretary[138].

In mid-1948, the whole question of the CDC's role was reviewed by Andrew Cohen, a key figure in the evolution of the Colonial Office's thinking on development corporations. In Cohen's view, the CDC's participation in West African projects highlighted the suspicion felt by local political elites towards external capital[139]. The elites did not always distinguish between state enterprise, which re-invested profits locally, and private enterprise, whose aim was primarily to extract a profit. The result was a tendency to impose conditions on the CDC's prospective operations which discouraged it from entering West Africa. The

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137 Ibid., 'Definition of functions of Colonial Development Corporation and Overseas Food Corporation', 1 Oct 1947.

138 Ibid..

139 CO 537/3033, minute, 17 June 1948.

Corporation's lack of enthusiasm for the region was reinforced by uncertainty over future political developments, especially in the Gold Coast. The CDC, in Cohen's view, had to be reassured. Economically, both Nigeria and the Gold Coast were comparatively poor in natural resources necessary for heavy industry to develop, but both had great agricultural and other possibilities. Unless all available resources were applied to these territories, which together constituted half the population of the colonial empire, there would be a major gap in the policy of developing colonial economic resources fully. Furthermore, noted Cohen, the tendency in West Africa was going to be towards rapid political advance, 'more rapid, indeed, than the capabilities of the people would justify on merits', and it would be impossible to decelerate the rate of advance to a pace preferable to local authorities if they enjoyed 'complete discretion'. Therefore, it was essential for economic development to keep in step with political development. The problem hitherto had been that it had <u>not</u> kept pace. In Cohen's opinion, this made it all the more necessary to devise suitable mechanisms for public or semi-public investment.

> I have been pressing for a Development Corporation for West Africa ever since 1943 and now that we have it (and in the light of developments since 1943 both political and economic) I can think of nothing more important to West Africa, or indeed to Africa as a whole, than the devising of proper machinery to enable the Corporation to operate in West Africa[140].

Moreover, Cohen did not think that political uncertainties or 'theoretical political objections' should prevent the CDC

140 Ibid..

from entering West Africa, and indulged in a rare piece of speculation on the <u>economic</u> implications of decolonisation:

> Political development towards self-government will go forward whatever happens and it seems to me that the future of the British relationship with West Africa demands that as the West African Territories get greater political freedom they should be more closely linked to the United Kingdom economically both for their own advantage and ours[141].

West Africa, Cohen argued, was 'desperately' short of economic services, technical skill and the apparatus of economic development, and could not progress without outside investment, a point which he believed Africans would come to recognise once they acquired an increasingly important role in the direction of economic policy.

> Provided, therefore, that we play our cards properly, I believe that there is a very real future for United Kingdom investment in West Africa.

However, the problems would be greater if the medium chosen for investment by Britain was private, monopolistic capital. This, thought Cohen, was a further argument for persuading the CDC to enter the region. There remained the problem of devising appropriate machinery. Reviving the original intention when the CDC was being planned, Cohen suggested the creation of a subsidiary, local corporation, providing for local participation and local directors[142]. The growing importance of associating 'representative local opinion' with the CDC's work was underlined in the fifth report of the Select Committee on Estimates, published soon after Cohen made his analysis[143].

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141 Ibid..

142 Ibid..

By summer 1948, relations between the Colonial Office and the CDC were already strained. Officials found the attitude of the CDC's Chairman, Lord Trefgarne, particularly disturbing. Trefgarne had promised to inform the Office of the CDC's intentions, but had made the unacceptable condition that this information should not be passed on to local governments, and in practice, adequate information had not been forthcoming. The Colonial Office warned Trefgarne that without details of the schemes being proposed, the CDC's requests for funds could not be considered. As Caine observed of Trefgarne:

> In effect, he is asking that the Corporation be treated as an authority with greater independence of Government control and supervision than any private concern in the country[144].

When Colonial Office and CDC representatives met in July 1948, Trefgarne announced that the CDC had decided to set up five regional corporations, one to be based in West Africa. This, he explained, was the first step in creating the Corporation's overseas organisation and would not necessarily be permanent. Trefgarne suggested that the West African corporation might be based in Lagos. Caine pointed out the disadvantage of trying to operate new enterprises in the Gold Coast from a base in Nigeria, but Trefgarne replied that conditions in the Gold Coast 'did not seem at all favourable', and that he doubted whether the Corporation would have any substantial undertakings there. It was agreed that care would be needed when the announcement of the new

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143 H.C. 181, Fifth Report from the Select Committee on Estimates. Session 1947-48. Colonial Development, 30 June 1948.

144 CO 537/3031, minute, 26 June 1948.

body was made, and that it would be helpful if its form could be agreed with the Governor of the Gold Coast, Sir Gerald Creasy[145].

Trefgarne had already attracted criticism during a speech at Liverpool in June. Referring to political problems in the colonies, he had warned that the CDC would not invest in territories where there was 'a political obsession against the good faith of the United Kingdom', and suggested that allegations of exploitation stemmed from communist agitation. The Fabian Colonial Bureau reacted strongly to Trefgarne's comments, deploring the implication that political 'strings' might be attached to British investment, and arguing that claims that colonial discontent was the work of communists was 'calculated to drive the colonial peoples into the arms of Communism, and to magnify whatever sense of grievance they already have'[146]. The Colonial Office was particularly concerned when the press announcement of the creation of the CDC (West Africa) Ltd. omitted any reference to participation in the Gold Coast[147]. Cohen was led to re-emphasise his belief that

> any impression that we are seeking to squeeze the Gold Coast out of C.D.C. assistance because of alleged anti-British tendencies there can only have a most deplorable effect on the relations between the Gold Coast and this country and that the effect will not, of course, be purely political but will also extend into all economic activities[148].

145 CO 537/3033, note of second monthly meeting with CDC, 12 July 1948.

146 FCB 51/2, ff17-18, Hinden to Creech Jones, 6 July 1948.

147 CO 537/3033, minute by Gorell Barnes, 9 Aug 1948.

148 Ibid., minute, 9 Aug 1948.

Cohen considered a change of policy by the CDC essential, together with moves to make good the damage already done[149]. Officials were subsequently mollified by Trefgarne's proposal to reply, if asked, that in accordance with the wishes of the Governor of the Gold Coast, a separate organisation would be established to deal with any large undertaking in the Gold Coast[150]. The importance of stressing to the CDC that even more than finance, Africans required managerial and technical training towards industrial development was one of the major recommendations made by Rees-Williams on the basis of what he had seen in West Africa in summer 1948. In his view, it was necessary to convince the CDC that it was the Africans' 'great hope', and that there was no need for the Corporation to fear operating in the Gold Coast[151].

Proposals for industrial development

During 1948, developments at the local level obliged the Colonial Office to turn its attention from the general principles of industrial policy to specifics. An appropriate example was the case of textile development in West Africa. As during the war, the possibilities of developing textile industries in the region received continuing attention. When the Colonial Office reviewed development opportunities early in 1948, Stockdale singled out this sector's potential,

149 Ibid..

150 Ibid., minute by Gorell Barnes, 12 Aug 1948.

151 CO 537/3226, 'West African Tour - 1948', 27 Sept 1948.

based on locally-grown cotton[152]. It was subsequently acknowledged that a proposal to establish a cotton textiles factory in Nigeria 'some years ago' (presumably a reference to the Haighton's scheme discussed earlier) had collapsed because the government refused to guarantee that the factory's products would not be subject to an excise duty equivalent to the import duty levied on cotton piece-goods[153].

In November 1948, W.A. Lewis put forward a proposal which, he said, gave the British government an opportunity to implement its often-stated desire to assist colonial industrialisation, and to demonstrate that it did not intend to maintain the colonies as sources of cheap raw materials. Prompted by the serious colonial shortage of textiles, and by reports that peasants were in consequence refusing to grow more, Lewis suggested that some of the textile machinery made idle by the current labour shortage in Lancashire could be obtained cheaply and used to develop colonial textile industries. His argument was that much of this machinery would never again be used in Lancashire, partly because of the labour shortage, and partly because British cotton manufacturers were anxious to re-equip with modern plant. Anticipating the likely reaction that this would endanger British interests, Lewis claimed that Lancashire was resigned to losing much of the colonial market for cotton goods once Indian, Chinese and Japanese production regained momentum. Furthermore, he argued, the

152 T220/26, CDWP(48)7, 'Possible development projects in the British Colonies', 14 Jan 1948.

153 CO 852/875/2, CDWP(48)28, note by CO, 'Control of capital investment in the Colonies', 3 May 1948.

future of Lancashire lay with producing quality goods, and if colonial cotton industries developed, mass-producing countries rather than Britain would feel the impact most[154].

Lewis believed that local cotton industries would not only stimulate agricultural production, but would also provide work in colonies where unemployment was a problem, for example in the West Indies, and improve these economies by diversifying them and creating new opportunities for talent. Moreover, he judged this a rare instance where surplus British plant existed and could be delivered immediately, and argued that colonial demand for textiles was such that local manufacturing would be bound to pay its way, at least in the short term. Although some expertise would have to be supplied, Lewis explained that this would be true of <u>all</u> development. He suggested that the CDC might take the initiative in starting industries, possibly in partnership with an experienced private entrepreneur, withdrawing after an initial period. He advocated establishing fully integrated manufacturing, incorporating weaving, knitting and finishing. Weaving and knitting were relatively simple processes, and the CDC could quickly pass on its interests in them, once local enterprise was proficient. Spinning, however, was a large-scale operation, responsibility for which would, Lewis thought, have to remain longer with the Corporation[155].

The Colonial Office's response was to circulate among the CEDC a memorandum describing two colonial textile

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154 CO 852/896/1, CEDC(48)32 Annex A, 'Colonial Textile Industries. Suggestion by Professor Lewis', 8 Nov 1948.

155 Ibid..

projects under consideration, both in Nigeria. The first was the scheme, previously referred to, submitted by the Nigerian government to the CDC to establish a mechanised spinning industry to process locally produced and ginned cotton. A site for a spinning mill had been chosen at Onitsha, on the Niger. It was proposed that the mill should consist of 8,600 spindles, to be increased by 1949 to 17,500 spindles, and would require one million pounds of cotton per annum initially, rising to two million pounds. The Nigerian government estimated that the necessary plant and equipment would cost L215,000[156].

The second scheme was a plan being contemplated by the Commonwealth Investment Trust Ltd. to build a spinning mill with a capacity of 15,000 to 20,000 spindles. The intention was to form a subsidiary company with capital of L250,000, in which the Nigerian government had agreed in principle to participate up to a limit of L150,000. This company would include representatives of the government and local 'unofficials'. The government had also suggested that the CDC might invest in the Trust's subsidiary company, leaving the company in control, and was also keen to enable Nigerian investors to subscribe to the subsidiary's capital. Negotiations, explained the Colonial Office, were being conducted by the CDC and the Commonwealth Trust. However, the Trust's managing director had revised the costs of the scheme dramatically, estimating that the spinning machinery alone for a factory of 20,000 spindles would cost about L300,000, and that the equipment for a 600 loom factory

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156 Ibid., CEDC(48)32 Annex B, note by CO, 'Colonial Textile Industries', 8 Nov 1948.

would cost around L100,000. When additional costs, such as power and housing, were taken into account, it was judged that a scheme on the scale contemplated would cost between L750,000 and one million pounds[157]. In reply to Lewis's proposal to use redundant plant from Lancashire, the Colonial Office claimed that this _had_ been considered, but that although a great deal of surplus machinery existed, not all of it was suitable for use in the colonies. However, it was conceded that in some cases the advantage in price and early supply might outweigh the disadvantage of not obtaining modern equipment[158].

Furthermore, because colonial industries would have to compete in the world market, it was argued that they should be equipped with the most modern machinery available. It was therefore felt that colonial industries would be disadvantaged if equipped with machinery which, although adequate at present, was soon liable to become obsolete quickly and would have to be replaced with new plant. The Colonial Office's conclusion perpetuated the arguments which had dominated the debate on industrialisation since the late 1930s:

> To establish industries in the Colonies which are not likely for one reason or another to be able to compete successfully, as soon as they have been properly established, is liable to do more harm than good in the long run to the cause of developing secondary industries in the Colonies[159].

When it discussed the Colonial Office's paper in November 1948, however, the CEDC stressed the importance of

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157 Ibid..

158 Ibid..

159 Ibid..

seizing opportunities for textile development, and suggested that the Cotton Board's views should be sought[160]. The Board's subsequent discussions demonstrated that Lancashire's traditional hostility to overseas textile industrialisation had not abated. Sir Raymond Streat considered that in the existing 'unsettled' state of the world, it would be undesirable to promote such development. The Board sought to persuade the Colonial Office of the need for prior consultation before any steps were taken to stimulate the development of colonial textile industries. Particularly interesting was the Board's dismissal of Lewis's belief that Lancashire saw its future in exporting high quality textiles: the colonies, it seems, were still regarded as valuable outlets for cheaper lines. The Board emphasised that where such development was proposed in order to raise colonial living standards, it should proceed along lines least damaging to Britain's export trade[161]. These attitudes suggested little progression in Lancashire's thinking since the war: indeed, they were evidence of a considerable <u>regression</u> since the mid-war years when Streat had appeared to be seeking a constructive means for Lancashire to adjust to changing world conditions. More disturbing, perhaps, was the Colonial Office's brief response to the Board, disclaiming any intention of pursuing the general question of cotton textile development at that stage[162]. The records are reticent in explaining the

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160 Ibid., CEDC(48)6th meeting, 15 Nov 1948; ibid., CEDC(48)7th meeting, 20 Dec 1948.

161 BT 175/5, CB 7330a, CB(1948)17th meeting, 14 Dec 1948.

162 Ibid., CB 7420a, CB(48)21st meeting, 4 Feb 1949.

Colonial Office's attitude. However, two factors may be relevant. First, given the continuing physical constraints on industrial development, together with recent confirmation that the subject was still controversial, it was easier for the Office to deal with proposals to establish manufacturing industry as they arose, rather than to risk generating consolidated opposition from Whitehall and from British exporters by airing the question in terms of general policy. Secondly, the supply of textiles to West Africa improved significantly during 1948. Thus, total cotton piece goods imports into Nigeria rose from 104,852,000 square yards in 1947 to 124,969,000 square yards in 1948, chiefly due to a massive recovery in supplies from Germany and Japan. Similarly, in the Gold Coast, cotton piece goods imports rose from 42,651,000 square yards in 1947 to 62,324,000 square yards in 1948[163]. It was precisely the resurgence of German and Japanese competition in textile exports which reinforced the Cotton Board's resistance to the encouragement of local colonial industries which might erode Britain's market share still further. With the relative easing of the supply problem during 1948, one pressing incentive for the Colonial Office to explore the scope for local manufacturing in West Africa had been removed.

By late 1948, opinions outside the Colonial Office on what was achievable in development were noticeably more sober than they had been eighteen months earlier. This was reflected in the Colonial Development Working Party's broad conclusions, which seemed to vindicate the Colonial Office

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163 Statistical Abstract of the British Commonwealth No.71, (1951).

by acknowledging the need to promote a wider view of development. One lesson learned from the CDWP's efforts was that any attempt to introduce major schemes for rapid economic development might seriously disrupt the colonial economies[164]. This view, as already noted, was accepted by the high-ranking Cabinet Economic Policy Committee, which endorsed the Working Party's three main conclusions: first, that development plans needed to maintain a proper balance between economic development and social welfare; secondly, that the rate of development would be severely limited by shortages of plant and materials in Britain, and by problems of adjustment created by large-scale economic development in 'primitive' communities; and finally, that while resources were scarce, they were best applied to restoring and improving existing capital and equipment rather than initiating <u>new</u> development schemes[165]. A new sense of realism had supplanted the reckless optimism shown in some quarters in mid-1947. Patiently, the Colonial Office had explained why the approach to development favoured by Montgomery, the Select Committee on Estimates and others was impracticable.

In addition to the greater realism evident in London late in 1948, there was growing government recognition of the scope for allegations that its actions in the colonies were exploitative. This encouraged a fresh official emphasis on the advantages which <u>both</u> Britain and the colonies could derive from development. The acknowledged bias in development towards schemes for quick, dollar-earning

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164 CO 852/878/1, EPB(48)13th meeting, 21 Oct 1948.

165 CAB 134/216, EPC(48)35th meeting, 9 Nov 1948.

production acquired a new justification at the hands of the Treasury and the CEPS: a 'temporary' bias in development was claimed to be necessary to improve Britain's balance of payments, restoring the metropolitan economy to a condition in which it would be able to devote more resources to colonial development[166].

Several Cabinet ministers understood the scope for charges of exploitation. Bevin was especially sensitive on this point, and was keen to avoid criticism of British colonial policy in the United Nations, notably from the Soviet Union. The CDC, for instance, appeared to be a prime candidate for criticism. The Bill to create the Corporation was deliberately combined with legislation to form the Overseas Food Corporation, because it was thought that the latter, designed to serve British interests, might attract adverse comment in the colonies and in the United Nations[167]. This sensitivity surfaced again early in 1948, when ministers expressed general support for the rapid development of African resources in order to reinforce Britain's political and economic position. This prompted the Cabinet Secretary, Sir Norman Brook, to remind Attlee of the potential difficulties of defending such a policy, which could easily be interpreted as 'Imperialism', adding that it was important for a Labour government to be able to justify its actions and not alienate its supporters or 'enlightened' public opinion[168].

166 CAB 134/65, Report of the CDWP (Revised), 11 Oct 1948.

167 E.g., PREM 8/456, Bevin to Attlee, 4 Oct 1947.

168 CAB 21/1690, minute by Norman Brook, 14 Jan 1948.

CHAPTER FIVE: THE THREADS OF POLICY RESUMED, 1949-1951

The metropolitan economic background

The improvement in Britain's balance of payments apparent at the end of 1948 proved to be temporary, and in 1949 a fresh sterling crisis developed, culminating in September in the devaluation of the pound. During 1948, the Sterling Area's exports rose rapidly, while import controls continued. Although this eradicated the overall balance of payments deficit, the Sterling Area's dollar deficit persisted. 'Marshall Aid', operative from mid-1948, covered this deficit until April 1949, but thereafter, Sterling Area exports to the United States declined both in volume and price. Throughout the first half of 1949, US imports fell, largely because the immediate post-war demand released by the abolition of wartime controls was diminishing. Consequently, between April and June 1949, Britain's deficit with the dollar area grew from $330 million to $632 million. By June, the prospect again loomed of sterling collapsing, with the exhaustion within a year of Britain's gold and dollar reserves. In July, Herbert Morrison warned his colleagues that exhaustion was imminent[1]. In these circumstances, London saw no alternative to devaluing the pound by 30.5 per cent in September 1949. This not only ended speculation against the pound but also led to an expansion of Sterling Area exports, and, ultimately, to the virtual elimination of the Area's dollar trade deficit[2].

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1 Cairncross (1985), pp.22, 165-211; Morgan (1980) II, p.29; Morgan (1984), pp.379-88.

2 Hinds (1987), p.164.

Following devaluation, Britain's overseas trade figures and balance of payments improved. By 1950, stability was achieved, with the first postwar surplus, and an acceptable trade deficit with the dollar area. As exports to the Western Hemisphere grew, Britain's reserves continued to rise until 1951[3]. During this period, aggregate colonial dollar earnings grew, reaching an annual rate of $560 million in the second half of 1950, compared to approximately $200 million in 1948-49[4]. The period ended with a new balance of payments crisis in 1951, the product of rearmament, spurred by the Korean War, and of the increased import prices which the war encouraged. These price increases, fuelled by United States strategic stockpiling, drew Britain's dollar balance out of a L308 million credit in 1950 into a deficit of L561 million in the second quarter of 1951[5]. The developing US recession led to a reduction in imports from the Sterling Area. The colonial dollar export surplus, which had reached a monthly level of between $15 million and $20 million in April and May 1949, was wiped out, threatening a major cut in colonial export incomes[6].

As in 1947, so again in 1949 Whitehall examined the part the colonial empire could play in easing Britain's dollar problems. One working party charged with supplying information to the Economic Cooperation Administration

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3 Cairncross (1985), pp.22, 66.

4 Cmd.8243, <u>The Colonial Territories (1950-51)</u>, (May 1951).

5 Cairncross (1985), pp.21, 212-33; Pollard (1983), p.240; Morgan (1984), pp.456-60.

6 CAB 134/64, CD(49)9, 'Dollar situation and the colonies', 1 July 1949.

proposed an examination of the scope for stimulating colonial dollar exports[7]. The Colonial Office was unlikely to welcome any crude policy of boosting colonial dollar exports. Experience over the previous two years convinced officials that despite the crisis of 1947, colonial production had <u>not</u> been put on a purely dollar-earning basis, because the metropolitan Government had seen the colonies primarily as a source of supply for Britain, either of dollar-saving commodities, or of commodities which it could not otherwise acquire. An important consequence of this had been that the colonial price structure had been influenced by that in Britain. It seemed unlikely, therefore, that any substantial increase in production for export to the USA could occur unless the colonies accepted US, rather than UK, prices. This, however, was problematic so long as colonies were expected, because of the dollar shortage, to buy from the UK at relatively high prices. As one official observed, the CEPS was, by mid-1949, concluding that the solution might lie not in forcing the colonies to sell at lower prices to the USA than in Britain, but for the latter to 'draw in its buying horns', not only from the dollar area, but from the Sterling Area too.

Accepting the apparent logic of this conclusion, the Colonial Office nevertheless feared that it would nullify most of the assumptions governing colonial production policy over the previous two to three years, especially that Britain would remain a stable, long-term market for colonial

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7 CO 852/1039/6, CCD Working party on submission of information to ECA, 2nd meeting, 4 July 1949.

produce. This would represent a volte face in Britain's moral commitments to the colonial economies[8].

Nor was the Colonial Office convinced that a renewed 'dollar drive' was practicable in the colonial context. Officials saw little scope for centralised action, since, ultimately, the problem was one of selling more colonial commodities in dollar markets[9]. Any attempt to give 'absolute' priority to dollar exports, as the Cabinet Committee on Exports appeared to favour, would raise another fundamental problem. As Creech Jones told Cripps in October 1949, if exports otherwise intended for the colonies were diverted to the dollar area, the risk would be that relatively small, if immediate, returns would be achieved compared to the potentially much greater dollar return possible if the same exports went to the colonies. Moreover, the success of Britain's continuing attempts to curb colonial dollar expenditure would depend largely on the home economy's ability and willingness to replace colonial dollar imports with its own goods. As Creech Jones asked, in terms echoing the Colonial Office's pre-war and wartime concern to achieve market stabilisation:

> Is it wise to withhold these exports from what is almost certain to be a permanent dollar-saving market for a more precarious expansion in direct dollar earnings(?).

In addition, there might be political repercussions if the recent improvements in the colonial supply situation were not maintained[10].

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8 Ibid., minutes by Emanuel and Gorell Barnes, 11 July 1949.

9 Ibid., minute by Poynton, 28 Sept 1949.

10 T 229/144, letter to Cripps, 3 Oct 1949.

The supply problem

Despite Creech Jones's reference to recent improvements, the supply problem continued to overshadow development policy. It was one of the subjects most frequently discussed by the Cabinet Committee on Colonial Development, created late in 1948 at the suggestion of the Colonial Development Working Party, and charged with reviewing development plans, and progress with them, in relation to the government's wider economic policy[11]. When London took stock of the situation up to May 1949, it was admitted that the overall achievement in development fell short of original hopes, mainly due to shortages of materials and personnel, and that some colonial governments might need to consider whether their initial goals had been realistic given these continuing constraints[12].

Early in 1949, the Colonial Office decided to convene a conference of colonial supply officers in London to discuss import programming plans and the need for continued restraint, and to examine the relative desirability of different countries as sources of supply[13]. Whitehall feared that a conference, through which details of the dollar ceilings on each colony's imports would for the first time become generally known among the colonial governments, might encourage combined opposition to the system of import controls[14].

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11 CAB 134/65, Report of the CDWP, 11 Oct 1948.

12 CO 852/1041/1, CEDC(49)19, memo. on review of colonial development plans, 12 May 1949.

13 Morgan (1980) II, pp.23-4.

Meanwhile, problems had arisen, over price differentials in colonial imports. The dollar ceilings imposed on colonial imports during 1948 meant that goods from 'hard' currency sources were generally excluded, even when cheaper than 'soft' currency equivalents. The Colonial Office, fearing political complications, noted that while Britain imposed fixed prices for colonial produce, it did not reciprocate with fixed prices for sterling exports to the colonies. The question was referred to the Committee on Colonial Development in March 1949. The Colonial Office did not envisage colonial governments being authorised to buy 'hard' goods wherever prices of 'soft' imports were higher by a given percentage: instead, officials favoured asking colonial administrations to report instances where, under existing instructions, they would have to buy soft imports at unjustifiably high prices compared to similar hard currency items, and believed that London should be prepared to adjust colonial dollar ceilings accordingly[15].

The Colonial Office considered the existing instructions on import licensing, issued in September 1947, too restrictive, for example in forbidding licences for imports unlikely to yield 'substantial' earnings or savings of dollars. Officials wanted dollar imports required for development to be permitted, regardless of whether the development would promote dollar earning or saving (though in keeping with the Colonial Development Working Party's guidelines), provided the supplies were unavailable from soft sources, or only at substantially higher prices and

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14 CAB 134/64, CCD 2nd meeting, 25 Jan 1949.

15 CAB 134/65, CD(49)10, 'Price differentials in colonial imports', 30 Mar 1949.

after long delays[16]. The Office wanted to establish a level of price difference beyond which the colonies should not be pressed to buy from Britain. The CCD believed that if the full political value were to be derived from any concessions made, these should be publicised and any special arrangements applied to the <u>whole</u> colonial empire[17].

Whitehall recognised the need to forestall any suspicions that Britain was protecting her colonial markets through import controls. Consequently, the CCD stressed that colonies should regard <u>all</u> soft currency sources, not only Britain, as the alternative to dollar supplies. Moreover, the Committee considered that the work of British export promotion in the colonies should be undertaken through separate channels, such as the Board of Trade commissioners, who, it was felt, should be ready to seize the opportunities at hand[18].

The period 1949-51 saw continuing evidence that colonial markets were highly prized, at least by certain sectors of British manufacturing industry, for example, Lancashire cotton. Although Lancashire's fortunes had improved following the war, with demand exceeding the industry's capacity to meet, fears of competition in overseas markets from the German and Japanese textile industries soon re-emerged. Moreover, US exports remained much greater in volume than they had been before the war. Thus, although total world exports of cotton goods had reached some 89 per cent of their pre-1939 level, Britain's

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16 Ibid., CD(49)16, 11 Apr 1949.

17 CAB 134/64, CD(49)5th meeting, 12 Apr 1949.

18 Ibid..

share of this had declined from 27 per cent to 15 per cent[19]. At the Colonial Supplies Conference in June 1949, Sir Raymond Streat told delegates that the colonies were 'most important' to Lancashire's future, offering the most 'assured' markets, given their rising populations and the improved living standards expected to result from development. According to the Cotton Board's estimate, total world exports in 1952 would be 15 per cent below their pre-war level; however, total colonial imports would be some 16 per cent above the pre-war figure. Before the war, Lancashire had enjoyed about one third of this trade, and hoped to secure at least half of it in the future. Whereas before the war, 15 per cent of Britain's cotton exports had gone to the colonies, by 1949 40 per cent of all orders on hand were for these territories. Nevertheless, the recent decline in colonial orders alarmed Lancashire, and Streat emphasised that the metropolitan cotton industry would 'never' be able to compete in prices with Japan. If the colonies were to choose their imports according to price, he explained, Lancashire would be finished[20].

The Nigerian representative at the conference spoke of feelings in West Africa that Lancashire had missed a 'tremendous opportunity' to expand its post-war trade. Since 1947, when the system of allocating supplies was abolished, imports from Britain had declined: of 125 million square yards of cloth imported into Nigeria, for example, only 35 million square yards were from Britain. This, it was

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19 N.K. Buxton and D.H.Aldcroft (eds), British industry between the wars, (1979), p.44.

20 CO 852/834/3, Colonial Supplies Conference, minutes, 10 June 1949.

claimed, was resented by the local population, who allegedly disliked Japanese goods, and without measures to restore trade with Britain, the problem might have political consequences[21].

In September 1949, Streat warned the Cotton Board that it was 'vitally' important for Lancashire to increase supplies to colonial markets, arguing that as other markets became less penetrable, colonial markets would acquire a growing value. Unless Lancashire increased its supplies to colonial markets, it would lack a stake in them large enough to warrant colonial authorities acting to protect British interests, risking a loss of colonial trade and further contraction at home[22].

Although in May 1949, the CCD was informed of the 'very satisfactory' colonial gold and dollar surplus of $260 million, some $50 million higher than the 1948 figure, the overall sterling area position soon eclipsed this hopeful indicator. At the end of May, the CCD was told that the (Cabinet) Economic Policy Committee had endorsed the suggestion by the Official Committee on Economic Development that all dollar expenditure, except Britain's own dollar imports, should be reviewed with the goal of further economies. The Colonial Office, with one eye on price differentials, considered that the entire field of dollar

21 Ibid.; see also Dupree (1987), Vol. II p.503.

22 BT 175/5, CB 7860a, CB 35th meeting, 6 Sept 1949. Fears for Lancashire's future persisted. In July 1950, the President of the Board of Trade reminded the Economic Policy Committee of the need to act to deal with Japanese competition in colonial markets, arguing that agreements on this reached between Japan and the Sterling Area late in 1948 were no longer adequate [See CAB 134/226, EPC(50)82, 'Colonial textile requirements from Japan 1950/51', 25 July 1950].

saving should be examined, and that any cuts should not fall solely on the colonies, dependent as they were on dollar imports if soft supplies were unavailable[23]. With the Treasury urging every effort to ensure that dollar expenditure in 1949-50 was the 'absolute minimum', the Colonial Office argued that colonial spending had already been reduced to essentials, and that any further attempts to switch from dollar to soft sources would accentuate the price differential problem, and warned that an 'excessively stringent' attitude on London's part might create political difficulties in the colonies, undermining the entire purpose of the exercise[24].

The CCD accepted that a cut in colonial dollar expenditure would be defensible only if a similar amount were deducted from the estimates of colonial dollar receipts, themselves based on optimistic assessments. Even the CEPS, previously insensitive to colonial needs, conceded that there was little prospect of cuts being made without lowering colonial living standards, especially since food imports represented around forty per cent of total colonial imports[25].

In July 1949, the CCD was told that the colonial dollar balance of payments surplus, hitherto between $15 and $20 million per month, had virtually disappeared, owing largely to the United States' recession and its effects on US purchases of colonial commodities. This threatened not only to reduce colonial earnings from dollar exports, but also to

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23 CAB 134/64, CD(49)7th meeting, 30 May 1949.

24 Ibid..

25 Ibid..

increase expenditure by the independent sterling area to take advantage of currently falling American prices. According to the Treasury's estimate, the probable gap between earnings and expenditure would require a cut of some 25 per cent in the sterling area's total imports. The Colonial Office, accepting that the colonies had to contribute to dollar economy, doubted how far this could be done by arbitrary cuts in imports. Nevertheless, the CCD concluded that colonial governments should be asked to undertake no further dollar commitments unless 'absolutely essential' until further notice, and that in view of falling prices and the increased availability of supplies from Britain, every effort should be made to economise on current dollar ceilings[26]. The Colonial Office requested local governments to suspend dollar import licences, except where 'grave effects' would result, and asked for estimates of how far dollar imports in 1949 could be cut. The Office hoped, and encouraged colonial governments to believe, that it would be possible by mid-August to remove the standstill on dollar import licensing. Nevertheless, the CCD recommended that the colonies be warned that further reductions in their dollar expenditure would be necessary in the first half of 1950 if the overall sterling area target of a 25 per cent cut were to be achieved[27].

Any hope of an easing of controls was dashed, however, by the progressive deterioration of Britain's dollar balance during summer 1949, leading to devaluation[28]. This step was

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26 CAB 134/64, CD(49)9, 'Dollar situation in the colonies', 1 July 1949.

27 Morgan (1980) II, p.29.

extended automatically to colonial governments, and the Colonial Office sought to avoid any impression that the likely consequences for the colonies had been ignored. The principal effect of devaluation was to reduce the real external purchasing power of the sterling area. However, as the Colonial Office pointed out, the repercussions were likely to vary considerably between Britain, with its vast industrial and agricultural output, and the colonial economies, which lacked this protective cushion. For example, colonies which imported virtually all their manufactured goods and exported a limited range of crops or other raw materials were likely to be markedly affected by devaluation. Similarly, the consequences were likely to be far greater for colonies where average incomes were low, if not at subsistence level, than for Britain, with its relatively high incomes. Furthermore, Britain was in a stronger administrative position to alleviate the impact of devaluation than were many colonies. Since the sterling cost of all imports from the United States increased, the immediate consequence would be a rise in the colonial cost of living, especially in colonies heavily dependent on dollar imports, such as the West Indies. More generally, much would depend on devaluation's effects on sterling and other soft currency prices, together with Britain's ability to supply colonial needs[29]. This last point concerned the Colonial Office particularly, since Britain supplied by far the greater proportion of colonial non-dollar imports. It seemed likely that Britain's exporters, encouraged by the

28 see above, p.347.

29 CAB 134/65, CD(49)39, 'Alteration in the sterling-dollar exchange rates. Implications for the colonies', 22 Oct 1949.

Board of Trade, would try to increase their exports to the dollar area, if necessary at the expense of other markets. This led the Colonial Office to warn the CCD that any deliberate policy of directing exports away from the colonies would not only create political difficulties, since the colonies would then be obliged to buy essential items from now relatively expensive dollar suppliers, but it would also require administrative controls in the colonies to ensure that supplies from the sterling area were not obtained by indirect means, and the Colonial Office doubted whether such controls could be imposed.

The general supply problem raised the issue of Whitehall's attitude to colonial policy and to colonial needs. Early in 1949, the Colonial Office complained to the CCD that some British manufacturers were refusing to accept colonial orders, allegedly on instructions from government departments to reserve their output for the domestic market. This, argued the Colonial Office, could not be reconciled with the notion that the colonies should be treated as integral parts of the British economy[30]. The Board of Trade and the Ministry of Supply replied that this affected only a small range of items, including (ironically) agricultural machinery, and that it was impracticable to consult the Colonial Office over every case. In their view, the colonies generally received fair, even favourable, treatment[31]. In March 1949, the CCD established that colonial orders should receive equal treatment to home orders[32]. Creech Jones

30 CAB 134/64, CCD 2nd meeting, 25 Jan 1949.

31 Ibid..

32 Ibid., CCD 3rd meeting, 28 Mar 1949.

subsequently raised this problem with Cripps, arguing that while the views of other Whitehall departments on colonial affairs were improving, they still fell short of what was desirable. He believed that a directive from Cripps, or from the appropriate Cabinet committee, that colonial orders should receive equal treatment to those within Britain, would help. Cripps, however, countered that time was needed to allow the new procedure to take effect[33].

When the CCD's Sub-Committee on Import Programmes reported in April 1949, it proposed dollar ceilings for the colonies as a whole totalling $202.8 million, $45 million less than the colonial governments had requested. Although the report urged that colonial governments should be reminded of the need for continuing dollar economy, it conceded that overall expenditure had fallen from $436 million in 1947 to $380 million in 1948[34]. Furthermore, the Sub-Committee recognised that the colonies needed Britain's help in limiting their dollar expenditure. It was understood that much of the reduction in colonial dollar spending since 1947 had been due to revived supplies of Japanese and German cotton textiles, often cheaper than imports from Britain. To complicate matters further, some US cotton textiles were now cheaper than Japanese goods[35].

The supply problem demonstrates the paradoxical character of metropolitan economic policy towards the colonies in this period. At a time when British government directives sacrificed colonial needs to Britain's immediate

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33 CO 537/5194, letter to Creech Jones, 5 Apr 1949.

34 CAB 134/65, CD(49)14, '1949 Dollar Ceilings', 8 Apr 1949.

35 Ibid..

balance of payments requirements, longer-term official concerns persisted at a submerged level. In April 1949, for example, prompted by alarm at the rapid recovery of Japanese and German exports, the CCD urged the UK production departments to remind British exporters of the need to maximise current opportunities to entrench themselves in colonial markets, by striving to meet colonial requirements at competitive prices[36]. Whitehall understood the danger of Britain being seen to be using import controls to protect its colonial markets, but an anxiety over the future of long-term markets remained a recurring theme in its discussions.

The supply problem also revealed contradictions in metropolitan policy. For instance, not long before the danger to British exporters from Japanese and German competition was attracting comment in Whitehall, the CCD noted with apparent satisfaction that the colonies in general were making the most of these 'soft' sources of supply, enabling them to reduce their consumption of dollar imports, the question which remained of overriding immediate concern[37].

When the Colonial Supplies Conference opened in London on 8 June 1949, earlier fears at the prospect of convening a gathering of potentially restless colonial administrators proved largely groundless. Little hostility was expressed to the colonies' membership of the sterling area, or to the Treasury's broad strategy, although concern surfaced that Britain had limited its own dollar spending less strictly

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36 Ibid..

37 CAB 134/66, CD(50) 1st meeting, 13 Jan 1949.

than the colonies were being urged to do[38]. More contentious, however, was the issue of price differentials in colonial imports. This problem had been accentuated by the US recession, which had depressed American export prices, increasing their competitive edge over sterling and other soft supplies. Furthermore, the deteriorating sterling balance of payments position, also a product of the US recession, created obstacles to effective action on price differentials. Optimistically, the Colonial Office hoped that the recession might ease the problem, since colonial dollar allocations would go further as dollar prices fell, though it recognised that continuing dollar economy was necessary[39].

The Colonial Office proposed writing to local governments after the Colonial Supplies Conference, explaining that the price differential question was likely to worsen if the US recession continued, and that the Office had suggested a modest relaxation of dollar ceilings. However, the conference delegates feared that any relaxation would encourage a 'flood' of applications, making it impossible to restrict additional hard currency licensing to the level envisaged by Whitehall. Since then, however, the dollar situation had made it even less possible for Britain to contemplate any adjustment which might expand hard currency spending. But because falling dollar prices would mean that existing dollar ceilings would go further than

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38 Morgan (1980) II, pp.25-6.

39 CAB 134/65, CD(49)27, 'Price differentials', 29 June 1949.

expected when set, the Office hoped that revised arrangements might not be necessary after all[40].

As Britain's dollar position worsened in July 1949, local governments were asked to stop issuing import licences for dollar goods, and told not to expect increased dollar ceilings, to resolve the price differential problem or for any other reason. The Colonial Office sugared this pill by suggesting that the developing world recession, with the emergence of a buyers' market, would increase the availability of non-dollar goods[41]. Perhaps unrealistically, Creech Jones later told the colonial governments that he hoped to be able, by mid-August 1949, to withdraw the standstill on dollar import licences[42]. Circumstances prevented this, however, and at the end of August the original instruction was confirmed[43]. A contributory factor was the fact that discussions were then in progress in the Organisation for European Economic Co-operation over the distribution of Marshall Aid. As Creech Jones explained, any suggestion that curbs on dollar import licensing were to be relaxed might 'most seriously' affect the allocation of aid, and thus the total amount of dollars available to the Area as a whole[44].

The colonies had responded to the 4 July telegram by volunteering cuts in their dollar import ceilings totalling $15 million, leaving the overall ceiling for 1949 at $215

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40 Ibid..

41 CO 852/1039/6, circular telegram, 4 July 1949.

42 Ibid., circular telegram, 18 July 1949.

43 Ibid., circular telegram, 26 Aug 1949.

44 Ibid..

million. When special provision was made for purchases of petroleum products and when known overspending during the year, especially by Malaya, was taken into account, a total projected expenditure of $250 million was calculated. Yet in the first half of 1949 alone, colonial dollar imports had totalled around $150 million, and it seemed unlikely that spending could be kept within the target set[45].

Following devaluation in September 1949, fresh calls were made for the 1950 colonial ceilings to be reduced. The CCD's Sub-Committee on Imports, which actually set these ceilings, decided that in view of the improving supply position, the 1950 target should be fixed at $169 million, compared to the figure of $196 million set <u>before</u> devaluation[46]. Yet the main CCD believed there was little scope for further cuts in the dollar ceilings, acknowledging that pressure might arise for <u>increases</u> in some cases[47].

There were striking disparities in the distribution of dollar ceilings among the colonies. For instance, of the total ceilings proposed for 1950, 50 per cent was allocated to the West Indies, 24 per cent to Malaya, but only 8.5 per cent to West Africa[48]. Even allowing for the special circumstances of the West Indies, heavily dependent on neighbouring dollar suppliers for essential imports, and for the post-war reconstruction needs of Malaya, it is ironic

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45 CAB 134/65, CD(49)36, 'Colonial dollar imports - July,1949 to December, 1950', 20 Sept 1949.

46 CAB 134/66, CD(50)3, '1950 Dollar Ceilings', 11 Jan 1950; (this figure did not include expenditure proposed by the CDC or the OFC, see ibid., CD(50)1st meeting, 13 Jan 1950).

47 Ibid..

48 Ibid..

that West Africa, a major dollar-earning region of the colonial empire, was given access to so little of what it earned, underlining the inequitable character of the controls operated from London.

A paper produced in June 1950 for the CCD demonstrated the effects of these controls on colonial dollar expenditure since 1947. In 1947 the colonies as a whole had imported $390 million worth of goods, a figure reduced to $355 million in 1948. It was estimated that the 1949 figure would be $248 million, with a forecast for 1950 of $206 million. In West Africa's case, the target for 1950 represented a cut of 45 per cent since 1947, from $42 million to $23 million[49]. The Colonial Office now felt confident that local governments understood the objectives of dollar limitation, and considered that detailed programming of their dollar imports for 1951 was unnecessary[50].

The continuing supply problem was reflected in the colonies by swelling cost of living indices, which were estimated to have increased by at least 100 per cent between 1939 and the end of 1948. This increase was attributed chiefly to the increased prices being paid for colonial exports. The response of colonial governments was to try to counteract the resulting inflationary tendency through taxation and budgetary policies, but above all through produce marketing arrangements. It was recognised that the supply position had been improving steadily. For instance, since inflationary pressures had become noticeable late in

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49 CAB 134/66, CD(50)26, 'Colonial dollar imports', 2 June 1950.

50 Ibid., CD(50)29, 'Import programmes and dollar ceilings 1951', 30 June 1950.

1947, supplies appeared to have increased at a faster rate than incomes, creating a relatively stable relationship between the supply of goods and the money supply. A key indicator of this was the fact that colonial cotton piece-goods imports were higher in volume in 1948 than in any year since 1937. With the emergence of a buyers' market by mid-1949, and the halt in the increase in export prices from the main supplying countries, officials in London confidently expected an easing of colonial inflationary pressure[51]. However, the Colonial Office realised that increased supplies of consumer goods would be needed as local incomes rose. Officials considered that one means of combatting inflationary tendencies might be to increase the volume of local goods production for the domestic market[52]. Although the idea was not apparently developed, the fact that such a suggestion could be aired helps to illustrate the renewed importance increasingly attached to industrialisation by the Colonial Office.

By late 1950, the Colonial Office was becoming concerned at the possible effects of the rapidly accelerating metropolitan rearmament programme on the colonial supply position. The Office had already raised with the Cabinet Economic Steering Committee the likely implications of rearmament for the colonial economies generally. Officials were particularly worried by increased colonial earnings from raw materials exports resulting from price rises, fuelled by high world demand; nearly all

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51 CO 852/1041/2, 'Survey of inflationary and deflationary tendencies in the colonies', 21 July 1949.

52 Ibid..

colonial exports had increased in price in the previous year, but this development had not been matched by a corresponding rise in colonial imports. Evidence for this was the growth of the colonial sterling balances (of which West Africa's share was 30 per cent by the end of 1950) from L670 million in December 1949 to L850 million a year later[53]. The Colonial Office feared that combined with the effects of rearmament, especially the danger of fresh shortages of capital goods, the consequences of this situation in the colonies would be inflationary, stimulating the accumulation of unspent balances, a potential source of embarrassment, implying that colonies could not draw on their own resources for development. It was also feared that this would retard economic development, and, more importantly, increase the risk of local political discontent. The impact of events in the Gold Coast in 1948 on the official mind in London had evidently been deep and long-lasting. The Colonial Office warned the Cabinet Economic Steering Committee that fiscal measures taken by colonial governments could have only a limited effect in curbing local spending power[54]. The Committee, however, was unmoved: accepting that an unlimited growth of the sterling balances was 'undesirable', it considered that these might provide the colonies with 'a most valuable cushion' against any future difficulties. Ironically, the Colonial Office was now being obliged to digest the official rationale for

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53 Cmd.8243, (May 1951).

54 CAB 134/263, ES(50)30, 'Economic implications of rearmament to the colonial territories', 23 Dec 1950; CAB 134/264, ES(51)1st meeting 11 Jan 1951.

continued accumulation which it had promoted since the latter years of the war[55].

Rearmament had further implications for the colonial supply position. The switch to soft currency sources, evident in 1950, continued in the 1951 dollar expenditure programmes, but it seemed increasingly likely that the colonies would have to be allowed greater latitude in their dollar spending, not only because rearmament was liable to affect dollar goods prices in 1951, but also because it was improbable that goods scarce in Britain as a result of the rearmament programme would be any less scarce in the United States. Aggravating this was the threat of inflation as raw material prices rose. Accordingly, the CCD's Sub-Committee on Imports concluded that its parent committee should realise that the colonial dollar ceilings being proposed for 1951 might be inadequate[56].

During summer 1951, the Colonial Office was reminded of the political delicacy of the supply question. To accompany his estimate of the imports the Gold Coast would need for development in the period 1951-1960, over and above its normal requirements, Governor Arden-Clarke warned of the serious political consequences which might follow if the capital resources necessary for development were not forthcoming. This danger appeared greater following the elections recently held under the Gold Coast's new constitution, which brought to power a party calling for

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55 Ibid..

56 CAB 134/67, CD(51)5, 'Colonial dollar expenditure', 2 Feb 1951; Cmd.8243, May 1951.

rapid, large-scale economic and social development. As the Colonial Office put it to the CCD:

> If the present harmonious relations between the new African Ministers and their official colleagues in the Gold Coast Executive Council are to be maintained, and the pressure of the more extreme nationalist elements for full and immediate self-government is to be neutralised, it is imperative that every possible effort should be made to enable the Gold Coast development programme to be implemented to the fullest possible extent. Failure in this respect will inevitably lead to a breakdown in the working of the constitution with serious consequences for the whole future of His Majesty's Government's relations with the Gold Coast[57].

The Colonial Office emphasised that as development programmes gathered momentum, colonial supply needs would grow, a problem not unique to the Gold Coast, and that special action to help that territory would in itself raise problems, especially if, as a result, other colonies were deprived. The Office lacked information on the demand which other colonies' development programmes would create; moreover, many colonial administrations were reluctant to predict their needs beyond a twelve-month period, and found it even more difficult to gauge the likely requirements of the local private sector.

The CCD considered it unlikely that the world availability of capital goods would increase over the next few years, and warned that supplies might even decline. Because of Britain's rearmament programme and raw materials shortages, it was also unlikely that Britain would be able to maintain the current level of engineering exports, and the same appeared true of the United States. The Committee

57 CAB 134/67, CD(51)12, 'Supplies for colonial development', 1 Aug 1951.

accepted that, except possibly for a brief period during 1949-50, many colonies had effectively been investing in Britain since 1939, and that if this situation continued, there might be 'very serious' political difficulties, and the success of the experiment in 'controlled transition to self-government' might depend largely on whether the colonial governments then in office could demonstrate achievements in economic development. The Committee conceded, moreover, that colonial needs were not excessive, in that the African territories' development plans could apparently be implemented up to 1956 provided the 1950 level of expenditure, at 1950 prices, were maintained[58]. Nevertheless, the CCD concluded that nothing like the ten-year commitment to a given level of supplies, requested by Arden-Clarke, was possible, suggesting instead that the colonies could attempt to plan for the three-year period covered by the present rearmament programme[59].

Development finance

If the supply position continued to present difficulties in the path of broad-based colonial economic development, constraints on the provision of development finance also persisted. The relative easing of Britain's own difficulties in 1949-50 encouraged some reflection among officials in London on progress made since the end of the war. A firm conviction remained, however, that finance was not the major limiting factor on development. Even with the temporary improvement in Britain's financial position by

58 Ibid., CD(51)2nd meeting, 15 Aug 1951.

59 Ibid..

1949, the prospects were not hopeful for any substantial, immediate increase in British investment in the colonies. Creech Jones, having informed the colonial governments of his earlier appeal to Cripps for a relaxation of loan policy, went on to explain, on the basis of the CDWP's final report, that it seemed unlikely that there would be scope for any 'appreciable' increase in the rate of colonial investment from British sources over 'the next few years'[60].

It became clear after devaluation in September 1949 that the provisional loan ceiling of L60 million accepted by the CDWP was unlikely to be increased, although it appeared to the Colonial Office that this figure would, in practice, suffice for most colonial governments until March 1952[61]. Attention shifted from possible metropolitan sources of funding to local, colonial resources, and, once again, to foreign investment. Local resources were still depressingly limited. It appeared to the Colonial Office that the majority of banks operating in the colonies, such as the Bank of British West Africa, were willing to finance small industries, though generally only against adequate security. However, the Office saw little evidence of interest in this kind of development among banks based in Britain, with the exception of Barclays'. The fundamental problem was that while 'sound' commercial undertakings, regardless of size, could normally attract loans through commercial channels, difficulties arose when the would-be borrower was inexperienced[62]. Yet it was precisely the <u>local</u> entrepreneur

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60 Morgan (1980) II, pp.50-1; CO 852/878/1, circular despatch, 24 Jan 1949.

61 Morgan (1980) II, p.51.

whom officials, both in London, and especially at the periphery, were most concerned to encourage, and as the momentum towards political devolution developed, so did the perceived pressure to provide development with a secure indigenous base.

It was in these circumstances that officials looked again, after prolonged distractions, at Barclays Overseas Development Corporation, whose creation in 1946 had done so much to inform the Colonial Office's thinking on development corporations generally. Little had been heard of the Corporation since its formation[63]. In 1947, the Corporation proposed that it should allocate a small part of its resources for use as a 'revolving fund' to finance small development schemes proposed by West Africans. It was suggested that the distribution of this fund should be delegated, in each West African territory, to a local representative of the Corporation and a representative of the local government who together would be empowered to make advances of up to L1,000. The Gold Coast government welcomed this proposal, and agreed to co-operate with the Corporation, through its own Industrial Development Corporation. The Nigerian Government, however, agreed to the proposal only on condition that it should not itself incur any financial liability, a proviso which Barclays understandably found unacceptable. Therefore although, early in 1950, the Colonial Office understood the scheme to be

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62 CO 852/1325/2, 'Sources of financial assistance available to small industrial and agricultural enterprises in the colonies', 8 May 1950.

63 See above, ch.3, pp. 253-4.

operating in the Gold Coast, there seemed in practice to have been little demand for its services[64].

In June 1950, Griffiths advised the colonial governments to give priority to important development projects, especially where these would strengthen the governments' future reserves. Simultaneously, he revived the possibility of colonial borrowing from the International Bank for Reconstruction and Development, now made more attractive by being only about half a per cent more expensive than London loans. Nevertheless, the basic obstacle remained that IBRD loans could not be used to make purchases in sterling or colonial currencies. At a time when continuing calls were being made for dollar restraint, this stipulation eroded the usefulness to colonial governments of IBRD funds[65]. Griffiths had only been induced to remind the colonies of this possible resource by the prevailing uncertainty over the availability of metropolitan loan finance. This fear was confirmed very soon by the Treasury's announcement that some 'postponement' of colonial borrowing in London was inevitable[66].

The Colonial Office reviewed the position towards the end of 1951, informing the CCD that the total amount involved in issues and approved by the Capital Issues Committee in respect of colonial enterprises during 1951 had been approximately L8.5 million. But, as the Office pointed out, this figure did not represent British private investment in the colonies. Since April that year, a number

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64 CO 852/1325/2, 'Possible sources...'

65 Morgan (1980) II, p.52.

66 Ibid..

of applications to the CIC had concerned the capitalisation of reserves, rather than the raising of additional capital. The Colonial Office saw this as a demonstration that very little fresh capital was in fact being raised by private enterprise in Britain for colonial investment[67].

The question of foreign, and specifically American, investment in the colonies became prominent following President Truman's inaugural address to Congress on 20 January 1949, in which he outlined his 'Fourth Point', promising US aid to the underdeveloped world. As Truman put it:

> We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas[68].

The Fourth Point, a product, like the earlier Marshall Plan, of a deepening Cold War, was presented as a wholly new approach to development:

> The old imperialism - exploitation for foreign profit - has no place in our plans. What we envisage is a programme of development based on the concepts of democratic fair-dealing[69].

The British ambassador in Washington saw in the Fourth Point great opportunities for Anglo-American relations, provided Britain responded quickly and favourably. He thought it clear that Truman had in mind assistance primarily to Latin America and the Far East, especially China, and cautioned

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67 CAB 134/67, CD(51)16, 'Applications to the Capital Issues Committee in respect of colonial enterprises during 1951', 1 Nov 1951.

68 Morgan (1980) II, p.102.

69 CAB 134/65, CD(49)7, 'President Truman's "Fourth Point" (Annex A)', 14 Mar 1949.

against any attempt by Britain to 'grab the proceeds' for Africa[70]. As the ambassador hoped, Ernest Bevin's reaction to the Fourth Point was enthusiastic[71].

The Colonial Office's reactions to Point Four, conveyed to the CCD in March 1949, were that US private investment in the colonies was seen as beneficial both to the colony concerned and to the sterling area provided it earned or saved dollars, and complied with exchange regulations and local welfare and other legislation. However, officials believed that while some of their prominent US counterparts were interested in promoting US private investment in overseas territories, investors themselves were nervous. Anticipating calls that London should actively encourage foreign investment by indicating appropriate spheres of development, the Colonial Office outlined some of the accompanying difficulties. Not only would the balance of payments implications have to be considered, but Britain could hardly contemplate easing financial and 'social' restrictions on colonial investment since this would be incompatible with the declared policy of 'protecting' the interests of colonial populations. If anything, officials felt, pressure was likely to develop in favour of more stringent restrictions, for example through immigration controls and guarantees of provision for the training of local personnel. Furthermore, the possible repercussions of US investment on the interests of British, Dominion and other foreign investors had to be considered. Finally, the condition of local governments themselves, particularly

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70 Ibid..

71 CAB 134/65, CD(49)7; Bullock (1983), p.681.

their lack of expertise in economic planning, was thought to be a constraint on expanded investment: officials considered that there was a limit to the extent to which colonial development could be accelerated without risking local administrative collapse. Given these problems, the Colonial Office questioned the political practicability of stimulating US investment, in view of the possible allegations of exploitation[72].

On the Fourth Point proper, that is, direct US Government involvement, the Colonial Office was equally cautious. The acknowledged deficiencies of colonial administrations might, it was feared, encourage proposals for US control over development projects, which neither Westminster nor local governments were likely to accept. Even less attractive, in the Colonial Office's view, was the possibility of the United States opting for international control of development, a prospect which revived officials' wartime fears concerning the internationalisation of colonial rule. A final counter-argument was that US aid to the developing world might involve a reduction in provision to the European Recovery Programme, and hence impinge upon metropolitan interests[73]. The Colonial Office's objections to US investment were therefore broadly the same as those raised in 1948[74].

Creech Jones had already told the colonial governments, in February 1949, that London was drafting guidelines on colonial investment for the benefit of foreign governments

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72 CAB 134/65, CD(49)7.

73 Ibid..

74 See pp.306-9.

and investors, and solicited local administrators' views. The accompanying note pointed out that many foreign concerns were already operating in the colonies, and that the creation of the CDC and OFC was not intended to preclude further foreign investment. The draft note advised interested investors to become familiar with local legislation and regulations, and reminded them of existing controls, for example over marketing, and explained that foreign exchange was available for the remittance of dividends and interest, but not for the repatriation of capital invested for less than ten years[75].

For the colonial governments, the fundamental problem was to reconcile foreign investment with limitations on foreign competition with local populations both in employment and enterprise[76]. This impinged on other sensitive areas of policy, such as controls on immigration into the colonies, particularly West Africa. For instance, Nigeria's policy was to exclude any potential competitors with local entrepreneurs[77]. In the Gold Coast, however, policy was unresolved; in 1949, proposals were under discussion to control immigration on economic grounds, but these were regarded as 'non-discriminatory' in that they distinguished between the population of the Gold Coast and all others, British or foreign[78].

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75 Morgan (1980) II, p.102.

76 E.g. CO 537/5193, telegram from Macpherson (Nigeria), 25 Mar 1949.

77 Ibid..

78 Ibid., minute by Gorsuch, 28 Mar 1949.

In the discussions prompted by the Fourth Point, it became obvious that the Colonial Office was unenthusiastic about private US investment. While the maximum possible US investment in the sterling area was desirable on balance of payments grounds, the existing controls on investment, together with investors' expectations of large returns where their risks were high, had tended to counteract this. Moreover, officials recognised that any preferential treatment to such investors would not only be unfair to other investors, but might result in a net loss to the sterling area if it involved a relaxation of exchange controls and import licensing. Officials concluded that the US should be told that private investment, on conventional terms, would contribute little to colonial development, and that aid without the 'strings' which might attach to the Fourth Point was preferable, as this would prepare the way for 'orthodox' private investment[79].

The Colonial Office's reservations were incorporated in a CCD report produced in April 1949, and subsequently endorsed by the Colonial Economic Development Council. The Committee concluded that because of the political, social and balance of payments considerations outlined by the Colonial Office, existing controls on foreign colonial investment could not be lifted[80]. Furthermore, the Committee believed that measures to attract US capital might involve risks. An interesting contraindication to private investment was now introduced: private investment depended on adequate

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79 Ibid..

80 CAB 134/65, CD(49)15, 'Colonial implications of President Truman's "Fourth Point"', 9 April 1949; CO 852/1040/4, CEDC 2nd meeting, 23 May 1949.

basic services in the colonies, now identified as the main factor impeding development. Whereas in the past, private investment had provided these services to the 'minimum degree essential', social, labour and other standards were now higher, and adequate provision by private enterprise was no longer thought practicable. Increasingly, private investment could flourish only following the development of basic services by the state, and it was considered that this area might offer an outlet for US assistance, though not in the form of commercial loans[81].

Yet the Colonial Office's underlying disquiet was revealed by its reactions to a draft report, 'Investment opportunities in British Africa', prepared by the US Chamber of Commerce. This was described by one official as a 'poor' document, unlikely to encourage American firms to invest in Africa, though he added, significantly,

> As we ourselves are not enthusiastically attempting to encourage American private investment this is perhaps all to the good[82].

This view was not, however, shared universally within the British government. In June 1949, the Lord President of the Council, Herbert Morrison, suggested to Attlee that the possibility of attracting US investment for colonial development purposes should be considered[83]. In the following month, Creech Jones put a memorandum on foreign

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81 CAB 134/65, CD(49)15, 9 April 1949; Whitehall's discussions on Point Four also produced a significant, and rare, indication of a continuing metropolitan concern to protect colonial markets. In March 1949, the CCD was advised that US technical assistance in development was preferable to supplies, because the latter might compete with British exports [CAB 134/64, CD(49)3rd meeting, 28 Mar 1949].

82 CO 537/5192, minute by Emanuel, 14 Apr 1949.

83 Morgan (1980)II, p.104.

investment to the Cabinet Economic Policy Committee. This was the same, in essentials, as the note circulated to the colonies in February, and explained that foreign investment was welcome provided that it was in harmony with the colonies' own plans, and was devoted to productive, long-term purposes of benefit to the colonies and to the sterling area, and provided that investors conformed to local regulations governing commercial undertakings[84].

When Cabinet discussed the question, Treasury concern surfaced over any alteration in exchange control policy to facilitate US investment, a concern shared by the Colonial Office. The Cabinet decided to postpone any public statement until the Anglo-American financial discussions, due in September, were completed[85]. It is clear, however, that the Treasury foresaw no sizeable influx of foreign private investment, given the disincentive of inadequate basic services[86].

A major consequence of the Washington talks was a new emphasis on the importance of encouraging foreign, especially dollar, investment in the colonies. The Colonial Office therefore proposed an inter-departmental examination of policy on foreign private investment, and the CCD agreed that the CEPS and the Treasury should consider the question urgently[87]. Accordingly, an inter-departmental committee,

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84 CAB 134/222, EPC(49)74, 'Investment of foreign capital in the colonies', 5 July 1949.

85 CAB 128/16, CM 51(49)1, 29 July 1949.

86 Morgan (1980) II, p.104; CO 852/840/2, supplementary record of 14th meeting with CDC, 17 Sept 1949.

87 CAB 134/64, CD(49)12th meeting, 22 Sept 1949.

formed in October, reported in January 1950[88]. It recommended that the existing selective policy on US investment in the sterling area should continue, based on the criteria of dollar earning or saving, or increased productivity, bearing balance of payments considerations in mind. It also recommended that this policy should be made public[89].

Having read the draft statement of policy requested in the committee's report, Dugdale, sensitive to the danger of a hostile response from the Labour left and the Tory right, commented:

> The more I look at it, the less need can I see for the House of Commons to have to listen to a glorified company prospectus asking people to invest in "British Colonial Empire Limited".

In his view, statements such as these might be counterproductive[90].

In response to Dugdale's request for an alternative to a Commons statement, Gaitskell, the Minister of Economic Affairs, suggested that the Colonial Office and Treasury statements could be incorporated in a letter from Britain's ambassador in Washington to the United States' Secretary of State, and that this letter could be given whatever publicity was necessary in North America[91].

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88 Morgan (1980) II, p.104; the committee, chaired by the Treasury, included representatives from the Foreign Office, the Colonial Office, the Board of Trade, the Commonwealth Relations Office, the CEPS and the Bank of England.

89 Morgan (1980) II, p.105.

90 Ibid., p.106.

91 Ibid..

Eventually, however, a Commons statement was made in the form of a written answer by Cook, the Parliamentary Under-Secretary. This explained that while current policy, in general, was to welcome US investment in the colonies, it was necessary to remember the dollar liability arising from the remittance of dividends or profits, together with the ultimate liability for the repatriation of capital. Therefore, as long as the dollar problem persisted, policy would have to remain selective, and any project would have to promise a net saving or earning of dollars, or be so beneficial economically to the colony concerned as to justify any loss of dollars involved[92].

Local government machinery and attitudes

This was the unpromising background against which colonial governments sought to formulate their own policies on industrial development. There was, in this period, a growing sense of urgency among local officials of the need to present a constructive attitude towards industrialisation, a need sharpened by rapid developments at the political level, especially in West Africa. This was one aspect of a broader evolution in policy, even more noticeable in the Colonial Office. At least as far as West Africa was concerned, officials were increasingly obliged to review, even reverse, traditional priorities in colonial policy, in which economic and social development had been seen as a necessary, and probably lengthy process, designed to provide constitutional advance with secure foundations. After 1948, particularly after the rapid sequence of events

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92 PD(C), 476, 221-2, 28 June 1950.

following the Accra Riots, the need to maintain local political goodwill became the touchstone of development policy, expressed in an official anxiety to promote economic development so as to retain the co-operation of local political elites. Among the emerging political forces in West Africa, economic development, and industrialisation, were potent slogans to which colonial authorities felt obliged to respond. The manifesto of the Convention Peoples' Party, produced for the general election of February 1951, stated that industrialisation was one of the Party's principal objectives as a means of raising living standards, adding:

> Imperialism is incompatible with industrialisation of a colonial country. It is only under self-government that this country can be industrialised in the way that it should[93].

As already suggested, a recurring theme in the development policy debate had been doubts over the capacity of colonial governments to tackle new responsibilities and functions. Such doubts persisted into the later 1940s. For example, in 1949, W. Arthur Lewis wrote:

> most colonial administrations have not yet begun even to recognise the nature of their most important economic problems, let alone to make provision for dealing with them[94].

Yet it was towards the end of the period covered in this study that the idea of state-led development gained fresh impetus, particularly after the influx of new ministerial blood after the February 1950 general election in Britain. The re-examination of the role of public enterprise by the

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93 CO 537/7233.

94 W.A. Lewis, Colonial Development, Manchester 1949, quoted in Lee (1967), p.112.

Colonial Office was associated especially with Dugdale, but was apparently also encouraged by Creech Jones's successor, James Griffiths. The discussions initiated by ministers in the Colonial Office embraced a wide range of development issues, the most prominent being mining and industrial development. In this, there is a sense of the enthusiasm of Creech Jones, clear from 1945 onwards, but truncated, inter alia, by the crisis of 1947 and its aftermath, being rediscovered during 1950. Dugdale, who had been advocating planned industrial development in the colonies since the early 1930s, expressed a concern still prevalent among ministers, and shared by some senior officials, that colonial development should take place

> in an orderly manner, and that it should not be the old scrambles of early capitalist development in this country[95].

Citing the Nigerian example, Dugdale suggested that colonial governments be encouraged to promote industrial development through local development boards, to include representatives of the local population, rather than by direct government action. Generally, however, he thought that assisted schemes should remain under the permanent management of these boards, and not be transferred after an initial stage to private ownership. He was keen, too, to protect such schemes from unfair competition, for example from expatriate firms, if necessary by legislation[96].

When officials in London examined the steps taken by colonial governments since the war to promote development,

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95 PD(C), 477, 1490, 12 July 1950; P.S. Gupta, Imperialism and the British Labour Movement, (1975), p.243.

96 CO 852/1325/2, minute, 6 July 1950.

the pattern which emerged was uneven. The Gold Coast government, for example, had established an Industrial Development Corporation in 1947, to initiate and operate industrial undertakings, and to 'facilitate, promote, guide and assist' the financing of new projects. It had capital resources of L100,000, increased in 1950 to L350,000. Although fully operational since 1949, progress had initially been slow, but by mid-1951, some L190,000 had been taken up[97]. The Corporation's activities represented almost entirely the Gold Coast government's contribution to industrial development. The government was the Corporation's sole share-holder, and was to receive any dividends payable. The IDC assisted printing, soap-making, timber and weaving enterprises, and to a number of craft industries such as carving and furniture-making, chiefly by marketing produce centrally. The responsible minister in the Gold Coast did not, however, believe that the Corporation had developed as originally intended. Specifically, he felt the new machinery was concerned too much with providing finance, to the neglect of the investigative and technical aspects of development, largely due to staff shortages, a persistent problem to which no resolution appeared likely in mid-1951[98].

More fundamentally, the government considered that an obstacle to industrial development had been the recent high world price of cocoa, which had discouraged local

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97 Ibid., 'Sources of financial assistance available to small industrial and agricultural enterprises in the colonies', 8 May 1950; CO 96/830/31695/1951, minute by Unsworth, 7 Feb 1951; CO 852/1325/4, Arden-Clarke to Griffiths, 17 May 1951.

98 Ibid..

diversification. The government also doubted whether it would be economical to develop industries for which both power and raw materials would have to be imported. Looking ahead, however, it was thought that the scope for industrialisation would be extended once the Volta River hydro-electric project was developed[99].

The Nigerian government, in contrast, appeared to be more positive about industrialisation. Early in 1949, Governor Macpherson reassured Creech Jones that it was his administration's 'declared policy' to encourage new industrial enterprises beneficial to the territory in spheres not already fully exploited[100]. Similarly, the government claimed that its policy was to provide 'all possible opportunities' for Nigerian businessmen to play an increasing role in the country's commerce, and to develop secondary industries on the widest possible scale by methods ensuring the maximum participation by Nigerians[101]. By May 1950, the Nigerian Director of Commerce and Industry believed that local pressure for industrial development was 'extremely strong', that the available machinery for dealing with these problems was 'quite inadequate', and, in particular, that local governments lacked the expertise necessary for more rapid progress[102]. The Nigerian government's Department of Commerce and Industries was intended chiefly to establish new industries and to recruit

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99 Ibid..

100 CO 537/5193, telegram to Creech Jones, 25 Mar 1949.

101 CO 583/311/30699/1950, telegram to Griffiths, 21 Apr 1950.

102 CO 852/1323/5, minute by Emanuel, 22 May 1950.

qualified expatriate staff. It was not expected to manage enterprises permanently: rather, once financially 'sound', they were to be transferred to African control. Following pressure from the Nigerian Finance Committee, the Department was expanded and given the function of breaking 'new ground so that others can follow'[103].

The Nigerian government had not been idle since 1945. Having established a Local Development Board in 1946 to provide loan capital to promote a wide range of development schemes, the government decided in 1948 to accelerate development, and encourage small schemes, including industrial projects such as brick and tile-making, soap production, spinning and weaving[104]. In keeping with the trend towards political decentralisation in the territory, it was also decided to regionalise the development board machinery. This was an issue investigated by Rees-Williams during his trip to West Africa in 1948, his conclusion being that the existing central Board had promoted very few schemes[105]. In the Colonial Office's view, the original body had been on 'too high a level', and too inaccessible to local entrepreneurs[106]. In 1949, therefore, Development Boards were established for Nigeria's Northern, Western and Eastern territories, with a total budget of L100,000 per annum, while the Colony Development Board had a limit of

103 CO 852/1325/2, minute by Vile, 6 Apr 1950.

104 CO 583/295/30676/1949, note on Regional Development Boards, 7 Sept 1949.

105 CO 852/840/2, minutes of 14th meeting with CDC (12 Sept 1949),17 Sept 1949.

106 CO 583/295/30676/1949, minutes of 14th meeting with CDC, 12 Sept 1949.

L50,000. The purpose of these boards was not directly to engage in enterprises, but only to provide finance[107]. The funding of the boards by the territory's existing marketing boards was itself significant, representing an important break with the previous tendency to reserve funds derived from state marketing for the purpose of price stabilisation[108].

The Nigerian government's continuing interest in industrial development can be seen in its encouragement of a local textile industry, partly in response to growing enthusiasm among local entrepreneurs. Government assistance was provided to two local companies which decided in 1949 to erect textile mills, in Lagos and Kano respectively. These small units were to be capable of rapid growth on the weaving side, and were initially expected to produce up to one and a half million yards of cloth per year. The Kano mill was to be operated by the Kano Citizen Trading Company, partly financed by a loan of L35,000 from the Northern Regional Development Board, with the Department of Commerce and Industries providing technical assistance. Reconditioned British looms were bought for the scheme, made available by the re-equipment of the metropolitan industry[109]. The mill at Lagos was a purely private development, about half the size of the Kano unit, but also receiving assistance from the Department of Commerce and Industries. Both the Nigerian

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107 Ibid., note on Regional Development Boards, 7 Sept 1949.

108 A.E. Hinds, 'British imperial policy and the development of the Nigerian economy, 1939-1951', unpublished Ph.D. thesis, Dalhousie University, (1985), p.263.

109 Ekundare (1973), pp.302-303; Kilby (1969), pp.112, 312-315.

government and the private investors soon realised, however, that if a local textile industry were to expand, it would require the participation of an overseas textile firm in order to obtain adequate capital and expertise[110]. In the government's view, a fundamental problem remained:

> There are no Nigerians at present competent to run textile mills or to undertake the training of operatives and none possess the banking, legal and accounting knowledge which is essential for the successful establishment and running of a mill[111].

In 1949, the governments own textile development scheme was revised to include powered weaving. The government, still enthusiastic, foresaw the development of a substantial local mechanised industry, and established research and training centres. It was hoped that mechanically produced cloth could compete with imported goods. Handweavers were expected to retain their market position and, as the supply of yarn improved, were thought likely to face lower costs. It was recognised, however, that a much larger market was open to powered weavers, and that handloom weaving would therefore have to take second place. By September 1949, of the eight textile training centres envisaged in the development plan, six were in operation, the training they provided was thought to result in better quality weaving and a higher output, and it was considered necessary to extend training to the skills required in textile mills[112]. Official optimism was shaken when, midway through the territory's ten-year development plan, a review of

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110 Ekundare (1973), p.303.

111 CO 583/311/30699/1950, 'Proposals for the expansion of the Department of Commerce and Industries', Sept 1949.

112 Ibid..

government sponsored handloom weaving revealed that the effects of training were only temporary, and that when the weavers returned home, they resumed their former, inefficient practices, a problem which indicated a need for greater government supervision of the scheme[113]. Nevertheless, early in 1950 the Governor of Nigeria told the Colonial Office that the training centres' work was stimulating interest in textile production as a village industry throughout the country[114].

The Colonial Development Corporation

Given the importance, recognised by both the Colonial Office and the colonial governments, of attracting external enterprise to promote development, the role of the Colonial Development Corporation in this period is of particular interest. Though its initial interest seemed to be in schemes to accelerate raw material and agricultural development, the Corporation gradually began to explore industrial proposals. An early problem, however, was that the CDC preferred larger industrial schemes, geared towards an export market, rather than small units designed to meet local needs; these, it was felt, were the concern of local enterprise[115]. Although the Corporation was theoretically empowered to finance small industries, without itself becoming involved in their control, in practice it was inclined only to deal in large projects, securing the right to participate in their management. Thus, up to the end of

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113 Kilby (1969), pp.311-312.

114 CO 583/311/30699/1950, telegram, 21 Apr 1950.

115 CO 852/840/2, note of meeting with CDC, 11 Apr 1949.

1949, capital sanction had been sought for only one scheme involving less than L100,000[116].

One of the most important West African industrial projects in which the CDC became involved was a textile manufacturing scheme at Onitsha, Nigeria. The plan was to produce sacks, and to establish a cotton-spinning plant. The scheme won the Nigerian government's warm support, being seen as 'an important step in industrialisation', and one which would operate in the interests of the local population[117]. Initial investigations were made into the possibility of manufacturing some twenty million sacks per year from imported jute, enough to meet all West Africa's needs[118].

The Corporation's cotton-spinning plan began with exploratory discussions on co-operation with a British firm, Calico Printers[119]. Under the proposals which subsequently emerged, the CDC would undertake the initial work of establishing a small spinning factory; once the stages of weaving and finishing had been reached, the British firm would become involved[120]. Significantly, relations between the Corporation and the Nigerian government seemed to have improved[121]. The local government was so keen to see the

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116 CO 852/1325/2, 'Sources of financial assistance available to small industrial and agricultural enterprises in the colonies', 8 May 1949.

117 CO 583/307/30498/1/1950, Macpherson to Griffiths, 21 Aug 1950.

118 CO 583/295/30676/1949, minute by Eastwood, 15 Aug 1949.

119 Ibid..

120 CO 852/842/2, Quarterly report on schemes under active consideration No.6, (September-November 1949), Jan 1950.

121 CO 583/295/30676/1949, minute by Eastwood, 15 Aug 1949.

Onitsha project started that it offered to collaborate with the CDC if Calico Printers proved to be unwilling[122].

Yet by late 1949, the CDC was having second thoughts about the scheme, following investigations by an independent specialist. The plan was now thought 'too ambitious', precisely because it depended on jute imported from India or Pakistan. Instead, the Corporation chose to consider a smaller project, based on locally grown fibres[123]. In August 1950, Trefgarne, the CDC's chairman, told the Colonial Office that the Corporation proposed to build and operate the combined sack factory and cotton-spinning plant in co-operation with the local marketing boards. This development, it was hoped, would provide the boards with the sacks they needed, as well as replacing all the cotton yarns currently imported. In addition, the scheme was expected to promote local production of jute and raw cotton[124]. The scheme secured Treasury approval, and in the Colonial Office, Griffiths was enthusiastic[125].

Once again, however, difficulties arose. By mid-1951, it was apparent that the project would require considerably more finance than originally envisaged. The CDC therefore opted to reassess the scheme and the likely profitability of both jute and cotton mills[126]. Fundamental problems were

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122 CO 852/842/2, Quarterly report ...No.6, Jan 1950.

123 Ibid.; CO 583/307/30498/1/1950, supplementary record of meeting with CDC, 7 Feb 1950.

124 Ibid., letter to Griffiths, 9 Aug 1950.

125 Ibid., Mackay (Treasury) to Willis (CO), 25 Aug 1950; Griffiths to Trefgarne, 31 Aug 1950.

126 CO 583/307/30498/1/1951, letter from Winterbotham (CDC), 5 June 1951.

subsequently revealed. In the CDC's view, the cotton-spinning scheme was 'a washout', because no market could be found for the grey yarn it was to produce, contrary to the Nigerian government's advice. The proposed sack factory, too, had reached an impasse, since the Nigerian government refused to promote local fibre production, on which the plan depended, until there was a mill to process the produce. The CDC, for its part, refused to erect a mill until it was assured of sufficient supplies of raw material, a caution born of the Corporation's concern at the apparent apathy of the local population towards fibre production. While sympathising with the CDC, the Colonial Office was disappointed, having been very interested when the project was first proposed[127].

The review of industrial policy

It was while the CDC was investigating West Africa's industrial potential that metropolitan policy on colonial industrialisation again began to exercise the official mind in London. An apparently innocuous request from the West Indian governments for guidance re-opened the entire question, prompting an extended debate within the Colonial Office, the first on the subject since the heady days of wartime reconstruction planning[128]. Early in 1950, following a visit by Gorell Barnes to the West Indies, industrial policy was raised and the Colonial Office decided that a memorandum should be drafted, discussing legislation

127 Ibid., minute by Willis, 3 Aug 1951.

128 CO 852/1323/5, 'The promotion of "secondary" industry in the colonies', 22 May 1950.

either enacted or under consideration in the colonies designed to encourage industrial development. While the memorandum was primarily intended for internal use, it was felt that it might form an appropriate, if belated, sequel to Stanley's despatch of 27 February 1945[129]. At this stage, official caution on the subject was evident. For instance, when Christopher Eastwood suggested that the development of secondary industries might be mentioned in the Office's annual report, Gorell Barnes advised against this, since no policy on the subject had yet been accepted by Cabinet[130].

If, yet again, it was a <u>local</u>, colonial enquiry which provided the proximate stimulus to discussion in London, the Colonial Office nevertheless had several additional reasons for reviewing its industrial policy. In some territories, notably the Gold Coast, the development of hydro-electric power seemed likely to stimulate, or at least facilitate, industrialisation; following the Anglo-American talks in Washington in September 1949, an increase in US external investment appeared possible; additional development capital was now available from the CDC; and, finally, the basic services on which industrial development would depend were being strengthened by progress, albeit limited, under the colonies' ten-year development plans, and as development gathered pace, so the possibilities for industrialisation were expected to grow[131].

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129 Ibid., note of meeting in Colonial Office, 17 Feb 1950; CO 852/1324/4, minute by Adie, 21 Mar 1950.

130 Ibid. (both references).

131 CO 852/1323/5, 'The promotion of "secondary" industry in the colonies', 22 May 1950.

The Colonial Office's Economic General Department subsequently consulted the Geographical Departments on the legislation enacted by individual territories to encourage industrial development. In Nigeria's case, the only substantial measure had been the Local Development Board Ordinance of 1946, and the Gold Coast could offer only its Industrial Development Ordinance of 1947. Significantly, a number of the responses revealed a continuing imprecision over the meaning of 'industry'. Even in 1950, the term was being used to describe any economic activity not directly related to agriculture, and was clearly not synonymous with manufacturing[132]. More interesting, however, was the developing analysis of industrial policy within the Colonial Office early in 1950. This discussion involved a review of the first principles of policy, something noticeably absent in the previous five years. Since 1945, Gorell Barnes observed, the Office had been proceeding under the 'tacit' assumption first that the state's role should be limited to the provision of inducements to industrial development such as short-term tax concessions, and secondly that the primary object should be to establish industries geared to the use of local raw materials to produce manufactured goods for local consumption. Beyond this, officials were hesitant. For example, the operation of factories, in their early stages, by government, or the construction of factories by government for sale or lease to industrialists at subsidised rates, topics discussed by the Colonial Economic Advisory Committee after 1943, had not been pursued since by

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132 CO 852/1324/4, minutes by Adie, 21 Mar, Vile, 23 Mar, and Hanrott, 30 Mar 1950.

officials. However, the traditional 'taboo' on industries based on imported raw materials appeared by 1950 to be less entrenched[133]. Nevertheless, colonial industrialisation had apparently lost little of its controversial flavour. Gorell Barnes saw little point in calling on the Board of Trade for assistance, 'since their attitude towards Colonial industrialisation is not very helpful, to put it mildly'[134].

In April 1950, Griffiths, Dugdale and senior officials met to discuss industrial policy. This appears to have been the first such discussion at so high a level since the financial crisis of summer 1947. It was agreed that Stanley's 1945 despatch should be examined in the light of experience, with a view to its re-issue[135]. This ministerial intervention was part of a generalised 'stocktaking' operation, associated particularly with Dugdale, who was similarly interested in reviving the question of mining development under state auspices, an issue largely neglected since Creech Jones's Memorandum on Colonial Mining Policy of October 1946. However, the re-opening of discussions on industrial development stemmed from the Colonial Office's belief that local governments were eager to receive more guidance from Britain[136].

In May 1950, Emanuel produced a detailed memorandum on 'The Promotion of "Secondary" Industry in the Colonies'. In view of growing local pressure for industrial development, and of the inadequacy of local development machinery,

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133 CO 852/1323/5, minute, 20 Apr 1950.

134 Ibid..

135 Ibid., minute by Roberts, 24 Apr 1950.

136 Ibid., minute, 22 May 1950.

Emanuel argued that a means was needed to keep developments under review. The key problem, judging from the Colonial Office's earlier experiences, was to secure ministerial approval, since only this could guarantee the kind of inter-departmental co-operation necessary for the successful implementation of policy[137]. As Emanuel indicated, it remained unclear how far Stanley's despatch of 1945 had influenced subsequent development. It had been issued before the full scope of the revised CD & W Act was known, and although since then progress had been made in establishing local departments of commerce and industry, local development corporations and the CDC, and in passing legislation to encourage industry, still not enough appeared to have been done to diversify the colonial economies or to absorb surplus populations dependent on agriculture. In Emanuel's view, the problem by 1950 was how to accelerate development[138].

Officials recognised that industrialisation was not necessarily synonymous either with economic diversification or with economic progress[139]. While the predominance of monocrop agriculture was thought to create an uncertain framework for development, industrialisation was not the only available remedy, other possibilities being the development of diversified agriculture and of mineral and forestry resources. In terms resonant of the Colonial Office's traditional concerns, Emanuel insisted that

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137 Ibid..

138 Ibid., 'The promotion of "secondary" industry in the colonies', 22 May 1950.

139 Ibid.; ibid., minute by Rogers, 30 May 1950.

industrial development could be justified only if the resulting industries could survive in the long-term without special assistance from other economic sectors[140].

He was similarly cautious in his attitude towards state-assisted industrialisation, which, he noted, was often justified, pace Lewis, on the grounds that agricultural improvements would create surplus agrarian populations, which industrial development could absorb productively. Emanuel considered this claim to be economically sound only if the 'marginal productivity' of industrial workers exceeded that of agricultural workers[141]. While he believed that Britain would inevitably be the chief source of capital and enterprise for such development, Emanuel also warned that however much external assistance were provided, the scope for industrial development was limited unless local conditions were favourable.

The conclusion he drew was that a clear demarcation was needed between the local and central fields of responsibility, though one permitting the 'fullest collaboration' between London and the colonial governments. In the past the Colonial Office had not integrated economic development sufficiently into its overall thinking on development, and consultation with local governments had been spasmodic. Moreover, no machinery had evolved through which accumulated experience could be transmitted to the colonies. On the basis of the scanty information received in the Colonial Office, it appeared that most local development plans excluded industrialisation except where this was

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140 Ibid., 'The promotion of "secondary" industry...'.

141 Ibid..

associated with providing basic services. Industries therefore emerged from no systematic plan, a consequence of the limited support given in Stanley's despatch to government participation, and the continuing belief that industry was primarily a field for private enterprise[142]. Yet, private enterprise seemed unlikely to enter into detailed exploration of colonial industrial potential unless key areas of government policy were clarified, requiring the dissemination of information on local possibilities, the provision of an adequate legislative framework, finance, government organisation and active sponsorship[143].

Emanuel pointed out that before an industry could be established, numerous basic problems about the scope for development had to be addressed, involving, for example, raw materials, the labour supply and markets, after which local factors had to be assessed to determine the potential for development in specific locations. However, many of these questions could not be resolved solely through local investigation, and it was this which Emanuel saw as a key flaw in existing planning machinery. His proposed solution was the appointment of an expert advisory committee with two broad functions: first, to investigate and report on local conditions relevant to manufacturing industries which could be established, including those based on imported materials, possibly producing for wider markets; and secondly, to make recommendations, periodically, on industries meriting detailed local investigation. Emanuel envisaged the 'closest' collaboration between this committee and local

142 Ibid..

143 Ibid..

governments through the Colonial Office. He also proposed the formation of a small inter-departmental committee, composed of officials and chaired by the Colonial Office, to examine existing industrial legislation, and any licences and concessions which had resulted from it[144].

Emanuel saw the CDC as the chief prospective source of non-colonial government finance for industrial development, and believed that the role of the Corporation should be discussed once the new machinery he suggested had been established. Regarding local government machinery, he noted that despite the encouragement given in Stanley's despatch, few colonial governments had created departments of commerce and industry, and that in some cases where there was scope for industrial development, no single government department was responsible for co-ordinating the government's role. This, he felt, called for a systematic study of local development machinery by the Colonial Office[145]. Finally, he suggested that colonial governments should consider attracting what he called industrial 'tourists', and generally publicising local development opportunities[146].

Reactions to Emanuel's paper within the Colonial Office were mixed. H.T. Bourdillon hoped that his colleagues might be approaching, 'for the first time', a systematic policy on secondary industry, though he reiterated Emanuel's basic point that the essential aim of development was economic <u>diversification</u>, rather than the establishment of secondary

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144 Ibid..

145 Ibid..

146 Ibid..

industries as such[147]. It was the centralising thrust in Emanuel's initiative which officials considered most problematic, involving the risk of local political hostility to detailed planning of development by London. Specifically, doubts were voiced about the value of an advisory committee which might be unwieldly in size and too broad-ranging to be effective; a further drawback was that any industrial consultants engaged would probably have to be paid. More importantly, however, the Board of Trade might be unwilling to participate if colonial industrialisation posed any threat to metropolitan exporters, and on this the CEPS seemed likely to support the Board. Hence officials feared that a committee might retard, not encourage, development, and political friction was bound to develop if it seemed to colonial opinion that such a body was acting as a brake on development. As Andrew Cohen observed, 'considerable political embarrassment might result if a conflict of interests emerged between Britain and any particular colony'[148]. Rather than the advisory committee proposed by Emanuel, Cohen suggested the creation of an informal body of experts, to be consulted on an ad hoc basis, but available to assist colonial governments as well as to advise the Colonial Secretary[149].

Equally controversial was the assumption, implicit in Emanuel's paper, that if any colony were able to develop a secondary industry it should be encouraged to do so, and

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147 Ibid., minute by H.T. Bourdillon, 30 May 1950.

148 Ibid., minutes by Rogers, 30 May, Mayle, 6 June, Gorsuch, 9 June and Cohen, 10 June 1950.

149 Ibid., minute, 10 June 1950.

that the Colonial Office should assist such development. In particular, Emanuel's willingness to embrace the thorny issue of encouraging industries based on imported raw materials drew a cautious response. Experience led officials to doubt whether British industry would view favourably the encouragement of competitive production in the colonies, especially when based on imported raw materials[150].

Nevertheless, any effective review of policy could not evade such difficult questions, as demonstrated by the Colonial Office's parallel concern to discover how far existing colonial tariffs protected British manufactures from colonial competition, and the extent to which colonial tariffs had been amended in recent years to permit the safeguarding of colonial manufactures from British, Dominion and foreign competition. Similarly, the Colonial Office wanted to know how far colonial tariffs were imposed on raw materials for industry, and whether the Office itself was normally consulted by colonial governments when tariffs were amended for protective purposes[151].

At this stage, in mid-1950, the general review of industrial policy received ministerial encouragement from both Dugdale and Griffiths. Following discussions with the Nigerian Director of Commerce and Industry, Dugdale had become particularly impressed with the work the Nigerian Government was undertaking to promote small industries, and proposed informing all colonial governments of the efforts being made by this and other administrations[152]. Similarly,

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150 Ibid., minute by Gorsuch, 9 June 1950.

151 CO 852/1325/1, minute by Adie, 14 June 1950.

152 CO 852/1325/2, minute, 6 July 1950.

in July 1950, Griffiths took the opportunity provided by the supply debate on the colonial estimates to restate the broad objectives of colonial economic development:

> On the economic side, our aim is to seek to build, in every one of the Territories, a stable economy by developing its agriculture, mineral or industrial resources, by improving methods of production, by safeguarding the natural wealth of the country and instilling "good husbandry" in all economic activities, and, most important, by diversifying these activities so that development is not lop-sided, and consequently, dependent on a few basic products[153].

This represented no radical departure from the principles familiar from the lips of Griffiths's predecessors, especially Stanley and Creech Jones. The Colonial Office still regarded Stanley's memorandum of 1945 as the 'standard text' on industrial development, and was, understandably, reluctant at that stage to issue any general 'pronunciamento' on the subject[154]. Nevertheless, Griffiths appears to have injected a degree of dynamism into the official discussions, making plain his commitment to progress with diversification and industrialisation[155].

By July 1950, therefore, two strands were feeding into the Colonial Office's review of industrial policy. First, there was a growing sense that local needs had to be responded to, prompting the official discussions which led to Emanuel's appraisal. Secondly, there was Dugdale's enthusiasm, reinforced by Griffiths's apparent interest. With characteristic caution, the Colonial Office preferred to delay further action until Griffiths had had an

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153 PD(C), 477, 1369, 12 July 1950.

154 CO 852/1324/4, Emanuel to Carstairs, 14 July 1950.

155 CO 852/1323/5, note of meeting, 30 Aug 1950.

opportunity to consider the proposals already at hand, after which the colonial governments could be given a comprehensive account of the policy review[156].

Late in August 1950, Griffiths and his senior officials discussed Emanuel's proposals. Griffiths was enthusiastic and, unlike some officials, favoured the creation of a committee in London to oversee industrial policy. Furthermore, he called for consultations with the CDC and the Federation of British Industries, followed by the preparation of a despatch informing local governments of the proposals under consideration and seeking their co-operation. Griffiths stressed the importance of promoting diversification and industrialisation as a matter of long-term policy. Consequently, it was agreed that the Board of Trade, the Treasury and the Ministry of Supply should be approached to discuss the establishment of a committee[157].

As the policy review took shape, officials were reminded of the continuing interest which the Board of Trade was likely to show in the subject. The Board had, for example, recently decided to publish in its Journal more information on colonial industries, and especially on industrial legislation. When asked by the Nigerian government in mid-1949 for guidance on industrial development, the Board seemed reluctant to help: a year later, Lagos had heard nothing[158]. As one official noted

> in discussions with officials of the Board I have learnt that they are becoming

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156 Ibid., minute by Gorell Barnes, 28 July 1950.

157 Ibid., note of meeting, 30 Aug 1950.

158 CO 852/1325/2, Cox (Nigeria) to Gorell Barnes, 28 June 1950.

> increasingly perturbed about what they assert is the growth of uneconomic industries in the Colonies.

While this was seen as a 'natural' stance for the Board, the Colonial Office could not be confident that the industrial projects being supported by colonial governments were economic, even in the long term. It was therefore essential, if the policy set out by Stanley in 1945 were to be successfully defended against criticism from Whitehall, that there should be adequate machinery to keep development under constant review[159].

The Colonial Office realised that the question of protection would have to be handled carefully when other departments were approached, and sought to pre-empt the latters' likely unease[160]. It explained that it was necessary to stimulate colonial industrialisation, and to ensure that development took place on 'sound lines', so that the 'industries which are set up have a good chance of maintaining themselves in the long run on a genuine economic basis, i.e. without undue artificial protection'[161]. The Ministry of Supply's response was guarded. Like the Board of Trade, the Ministry thought it preferable to learn more about what the colonies themselves saw as suitable development opportunities. The Colonial Office therefore decided to proceed alone with a small internal committee, chaired by Gorell Barnes, to examine local legislation designed to encourage industry, though the Office's aim was still to pursue inter-departmental consideration of the

159 CO 852/1323/5, minute by Emanuel, 22 May 1950.

160 CO 852/1325/2, minute by Gorell Barnes, 28 July 1950.

161 CO 852/1323/5, letter from Poynton, 4 Sept 1950.

subject[162]. The Board of Trade and the the Ministry of Supply subsequently relented, and agreed that a body such as the Colonial Office proposed would be desirable, and should contain representatives of metropolitan interests such as the FBI, ensuring the maximum possible co-operation from British industry[163]. Meanwhile, the Colonial Office's own committee decided that the first step was to obtain information from the colonial governments[164].

A difficulty with Stanley's 1945 despatch was that it gave no guidance on detailed problems involved in granting legislated concessions designed to encourage industrial development, for example on the granting of monopolies, import restrictions and subsidies, which were left to the discretion of local governments. Unsurprisingly, in the view of officials, few territories had introduced any legislation at all, while others had taken steps in a 'partial and piecemeal' fashion, on 'quite disparate lines'. It was agreed that present practice was unsatisfactory because information and experience were not pooled effectively nor disseminated among the colonies, a problem aggravated by the fact that some colonies with industrial potential lacked adequate government machinery to draft appropriate incentive legislation[165].

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162 CO 852/1325/3, EOD No.127, 'Office committee on encouragement of industry legislation', 9 Oct 1950; ibid., OCLI(50)3, 'Legislation in the colonies to encourage the development of secondary industries', Oct 1950.

163 CO 852/1323/5, Rowlands (Ministry of Supply) to Poynton, 20 Sept 1950; ibid., Woods (BoT) to Poynton, 20 Oct 1950; ibid., note of meeting in CO, 26 Oct 1950.

164 CO 852/1325/1, OCLI 1st meeting, (23 Oct 1950), 2 Nov 1950; CO 852/1325/3, circular despatch, 'Industrial development in the colonies', 10 Nov 1950.

Early in 1951, the Colonial Office's own committee decided that the CDC should be asked its opinions on the desirability of protection for any colonial industries in which it might participate[166]. The CDC replied that import duties were of little help in encouraging existing industries, which seemed to contradict the widespread consensus that import duties were the most flexible method of protection where the main danger of competition came from imports. Equally, the Corporation believed that exclusive manufacturing licences, while protecting the capitalist against competition within a colony, did not offer any inducement to new undertakings which required heavy capital and whose future profits were uncertain. In contrast, the Colonial Office's Economic General Department believed that where the main risk of competition was internal, an exclusive licence would offer a degree of encouragement because it established a monopoly[167].

The Colonial Office decided that Poynton should discuss British industrial co-operation with Sir Norman Kipping of the FBI[168]. Officials were heartened by Kipping's reaction. The Federation appeared to be sympathetic, and anxious that Britain should take opportunities for 'sound' industrial development in the colonies, rather than, through fear of its impact on imports from Britain, allow other countries, such as the United States, to take the lead. However, the

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165 Ibid., OCLI(50)2, 'The promotion of "secondary" manufacturing industry in the colonies', Oct 1950.

166 CO 852/1325/5, OCLI(51) 3rd meeting, 8 Jan 1951.

167 Ibid., comments on CDC memo., 'Encouragement of capital investment in the colonies by legislative action, 24 Jan 1951', Mar 1951.

168 CO 852/1323/5, note of meeting, 26 Oct 1950.

FBI advocated market research to gauge local demand for consumer goods, enabling the Colonial Office and local governments to approach British industry with specific proposals[169].

The Federation suggested that the British Export Trade Research Organisation (BETRO) could examine the colonial consumer market and the practicability of establishing local manufacturing capacity[170]. BETRO in turn proposed a pilot survey of Nigeria to investigate the territory's market potential for locally based industry geared to local consumer needs, possible export markets and local resources. Its purpose was to identify and attract investors and manufacturers[171].

The possibility that the motives of the FBI and BETRO were not wholly altruistic was not lost on the Colonial Office. Gorell Barnes was concerned that the attitudes of each body seemed to stem from a desire to pursue consumer research in the colonies for the benefit of British exporters, and warned that BETRO's proposal could be interpreted as an attempt to promote British exports, possibly by restricting local industrialisation. He questioned the value of market research in West Africa, where habits of consumption were relatively well developed, and believed the UAC could provide better information, more quickly, than BETRO[172].

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169 Ibid., minutes by Poynton, 8 Dec 1950 and Emanuel, 13 Dec 1950.

170 CO 852/1323/6, Griffiths to Macpherson, 2 Mar 1951.

171 Ibid.; ibid., Macpherson to Griffiths, 13 Mar 1951; ibid., Roberts to Director General, BETRO, 17 Mar 1951.

172 Ibid., minute, 24 Feb 1951.

The Governor of Nigeria, however, welcomed the proposal for a pilot survey and promised his full assistance[173]. A divergence of views soon emerged between what the Nigerian Government and BETRO considered to be industries appropriate for encouragement. The government, it transpired, envisaged mainly raw materials processing, including pioneer palm-oil mills, textiles and sackmaking. BETRO, however, seemed more interested in light industries requiring high levels of technical skill. Nevertheless, the government told London that it would

> welcome any sound ideas which are likely to enable us to broaden the basis of production, and to induce the investment of foreign capital in this country for productive purposes[174].

In June 1951 the FBI's Overseas Trade Policy Committee produced a report in response to the Colonial Office's request for advice and assistance on colonial industrialisation[175]. The Committee felt that 'political stability' was a major consideration for industrialists contemplating investment in the colonies, and that the perceived risk would be greatly increased by any prospects of 'premature' movements towards self-government. Specifically, the Committee thought it unlikely that British interests would consider investing in colonial industries without guarantees that profits made could be remitted to Britain to a 'reasonable' extent, and over an extended period, since new enterprises might not be profitable for

173 Ibid., Macpherson to Griffiths, 13 Mar 1951.

174 Ibid., Macpherson to Poynton, 9 Apr 1951.

175 CO 852/1325/6, 'Industrial legislation in the colonies affecting the establishment of secondary industries', 14 June 1951.

several years. Moreover, problems could arise if the management of affairs passed out of British hands, and therefore the rights of investors would have to be safeguarded adequately[176].

The Gold Coast government was interested in BETRO's work in Nigeria, and thought a similar study in the Gold Coast would be worthwhile[177]. The Colonial Office, however, was already having second thoughts. Its view was that some systematic machinery was required to discover suitable industries and to encourage foreign entrepreneurs to consider development in the colonies, but that the entire problem was complex, and no single or easy solution seemed to exist[178].

Rearmament and industrial policy

Early in 1951, the Colonial Office attempted to use the opportunity provided by the domestic rearmament programme to encourage further inter-departmental consideration of colonial industrialisation. In a paper for the CCD, the Office suggested that the strains which rearmament was likely to put on manpower resources in Britain required examination of the help the colonies might provide in manufacturing military equipment or essential non-military goods which might be displaced in British production. The Office explained that some 'advanced' territories were beginning to industrialise in order to improve local living

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176 Ibid..

177 CO 852/1333/7, letter from Tours (Minister of Finance, Gold Coast), 25 June 1951; ibid., Emanuel to Tours, 27 July 1951; ibid., Tours to Emanuel, 13 Aug 1951.

178 Ibid., letter from Emanuel, 27 July 1951.

standards or to create employment for their growing populations, and that they could use existing factories with under-employed capacity, or new plants drawing on surplus local manpower. Although the Office admitted that little surplus machine capacity probably existed, it was thought that some existing production, for example in East and West Africa, could be transferred to more 'important' work, and that although much of the available labour was industrially unskilled, a 'nucleus' of skilled and semi-skilled labour existed among local ex-servicemen[179].

The Colonial Office argued that the increasingly specialised division of labour in modern industrial production created opportunities for semi-skilled workers, and those requiring relatively little instruction, citing the example of the female workforce in Britain during the last war. Officials admitted that it would be expensive to ship heavy raw materials to overseas factories and to transport back finished goods, but argued that the dispersal of industrial effort need not be limited to heavy metal products, but could include simple plastic mouldings such as used in motor vehicles and wireless equipment. Some raw materials might, they added, be available locally anyway. The Office did not favour the establishment of 'shadow' factories in the colonies, such as Lord Swinton had suggested during the war, whose labour force could be transferred to Britain if circumstances, such as shipping shortages, made it impossible to operate colonial factories in wartime. Officials pointed out that this would not only

179 CAB 134/67, CD(51)4, 'The use of colonial industrial and manpower capacity in the United Kingdom rearmament programme', 25 Jan 1951.

be an expensive way of training labour, but would also not be in the long-term interests of the colonies[180]. The Colonial Office stressed the political advantages of its proposals, arguing that colonial participation in rearmament would demonstrate the British Government's desire to associate the colonial peoples in a common effort[181].

The CCD agreed that the Colonial Office's proposal should be considered by a working party, chaired by the CEPS, comprising representatives of eight interested departments[182]. Late in March 1951, the working party met for the first time. It agreed with a suggestion from the CEPS that its work should be limited initially to discussing the problem of linking metropolitan needs to known colonial capacity, and to exploring how Britain's needs could be met by adapting existing colonial capacity. In this way, the working party avoided more speculative enquiries into the scope for colonial industrialisation from scratch. The Colonial Office's representative, Emanuel, emphasised his department's concern to dispel fears in the colonies that their economies were being developed solely for raw material production, predictably rehearsing the political, as well as the economic aspect to the question. He also suggested that the possible use of small-scale workshop capacity in Nigeria and the Gold Coast might be examined. The working party agreed to ask the Colonial Office to compile a questionnaire

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180 Ibid..

181 Ibid..

182 Ibid., CD(51) 1st meeting, 6 Feb 1951; the departments were the Treasury, the Colonial Office, the Ministry of Defence, the Admiralty, the Board of Trade, the Ministry of Supply, the Ministry of Transport and the Ministry of Labour.

to be sent to the colonial governments, emphasising that the help which the UK supply departments could accept was limited[183].

The Colonial Office found the experiment of sounding out other government departments for their reactions to colonial industrialisation disheartening. One official described the 'bleak atmosphere' of the working party's discussions. Although the Office was committed to industrial development, other departments clearly thought differently:

> The policy in all other Departments seems to be the maintenance of full employment in the United Kingdom and it was made clear at the Working Party meetings that Colonies were expected to take second place in the competition for raw materials.

The same official continued:

> If that attitude is to be accepted, and quite frankly I doubt whether any Government at the present time could get away with a policy designed to share employment opportunities between the United Kingdom and the Colonies, then we must consider to what extent we can continue to encourage Colonial Governments to spend their time, and in some cases money, on efforts to persuade investors to set up industries in their territories[184].

Reinforcing this pessimistic assessment was the supply situation. It was particularly unfortunate that the kinds of material currently in shortest supply, such as non-ferrous metals and light alloys, were precisely those needed in the type of light engineering industries which the Colonial Office had in mind for the colonies.

> If the U.S.A. and U.K. are going to monopolise all available supplies of these materials up to the point where their industrial potentials are fully occupied, the

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183 T 229/263, minutes of working party meeting (30 Mar 1950), 3 Apr 1951

184 CO 852/1323/6, minute by Willis, 8 May 1951.

outlook for the Colonies, even at their present level of industrialisation, is poor. The idea of spreading industrialisation in the Colonies in these circumstances is largely academic.

This posed the problem for the Colonial Office whether or not the colonies should be warned of the 'futility' in existing circumstances of fostering industries dependent on scarce materials[185].

While there was sympathy in the Colonial Office with Willis's views, it was also thought that the rate of industrial development to date had not depended on British Government policy, but on basic conditions in the colonies. In other words, whether or not the metropolitan government were united on policy, efforts apparently were continuing locally to develop suitable industries, many of them based on locally available materials[186].

Nevertheless, further disturbing evidence of the government's attitudes to colonial industrialisation emerged in August 1951. Asked in the Commons about the possibility of manufacturing munitions in the West Indies, Strachey, the Secretary of State for War, stressed the importance of the colonies concentrating on primary production, and appeared to discount the role of industrialisation in colonial development[187]. The Colonial Office was understandably anxious to establish whether Strachey had been airing personal views, or whether he was expressing opinions held generally by his Cabinet colleagues. If the latter were the

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185 Ibid..

186 Ibid., minutes by Emanuel, 22 May 1951 and Gorell Barnes, 23 May 1951.

187 PD(C) 491, 1645, 2 Aug 1951.

case, as the already despondent Willis observed, 'then we in the C.O. are working under a misapprehension and the quicker we realise it the better'. He continued:

> I have felt for some time and I have said as much on occasion, that we are fighting a lone battle in this matter of industrialisation in the Colonies. Other Departments, and the F.B.I. for that matter, seem to me to be paying only lip-service to our policy[188].

The particular delicacy of this question was reflected in Griffiths's subsequent admonitory letter to Strachey. Reminding Strachey that it was the government's policy to encourage colonial industrialisation, Griffiths added,

> Colonial communities are aware of this and, in the present state of political consciousness, any suggestion that the development and diversification of their economy by industrial development should be held back in favour of continued concentration upon primary production for the benefit of the United Kingdom, would be liable to serious misunderstanding and criticism[189].

These discouraging indicators were confirmed when the inter-departmental committee reported that it did not believe an investigation into a colonial contribution to rearmament would serve any useful purpose. Having examined the items which might be required from the colonial empire, the working party concluded that these were not of a broad enough range to merit asking the colonial governments to make a general survey of their local resources. It also concluded that the most that could be done would be to ensure that the supply departments in Britain were aware of the possibility of using colonial capacity where the

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188 CO 852/1323/6, minute, 8 Aug 1951.

189 Ibid., Griffiths to Strachey, 21 Aug 1951.

opportunity arose[190].

190 CAB 134/67, CD(51) 2nd meeting, 15 Aug 1951.

CONCLUSION

Between 1939 and 1951, the Colonial Office evolved a policy on the industrialisation of the colonies which remained broadly consistent throughout the period. This policy, growing from tentative beginnings, owed its development above all to the experience of the inter-war Depression and of the impact of the Second World War on the colonial economies. Together, these convinced the Colonial Office of the need to promote diversification of the colonial economies. The Colonial Office had little experience in dealing with such questions, and for much of the period examined, lacked clear guidelines on the implications of metropolitan government economic policy for its own deliberations. Once formulated, the Office's goals remained vulnerable to a spectrum of fluctuating circumstances and deep-rooted obstacles.

While increasingly recognising a need for local industrial growth, the Colonial Office saw this as only one element in a broad strategy of economic development designed to prepare the colonies for eventual self-government. The more immediately relevant problem of promoting greater agricultural productivity remained. Similarly, officials spent much time considering a strand of policy potentially a rival to industrial development, namely the stabilisation of predominantly agricultural colonial economies through controlled primary produce marketing. Arguably, the two strands of policy were not mutually exclusive, but could be seen to be complementary. Yet the special conditions of wartime need and postwar dislocation gave stabilisation a wider appeal than industrial development: whereas the former offered an attractive supplementary role in indirectly supporting sterling, the latter could be interpreted as endangering metropolitan interests, either directly, by encroaching on colonial export markets, or indirectly, by distracting colonial efforts from primary production temporarily lucrative to the British economy.

Like other departments in Whitehall, especially the Board of Trade, the Colonial Office consistently sought to promote 'sound' and 'economic' industrial development, though its motives were different. The Office displayed a realism elsewhere eclipsed by an unfocussed metropolitan enthusiasm for 'reconstruction'. This realism was the product of disappointing experiences of colonial development following the brief post-1918 'boom', the consequences of the Depression, and protracted negotiations with the Treasury in the later 1930s to secure CD & W funding. Moreover, the Office displayed a continuing sensitivity to external criticism, of which it was exposed to an unusually broad range, and, for most of this period, a fear of encouraging unrealistic expectations of what was achievable in colonial development.

The successful implementation of the Colonial Office's development policies, united in their common respect for the new icon, 'planning', required a reappraisal of the machinery of colonial administration, both in London and in the colonies. The inadequacies revealed in this extended analysis were not satisfactorily resolved during this period, but they exposed and emphasised the delicate relationship between the Colonial Office and the colonial governments. Barely had the Office grasped the nettle of a greater central initiative in development than local circumstances in West Africa seemed to dictate an emphasis on an authentically local contribution, avoiding any impression that London's role was to direct, rather than to guide. Moreover, the critical steps towards shaping industrial policy were taken by the Office in response to promptings from West Africa, especially during the war. Despite its transient enthusiasm for an enhanced role in promoting development, therefore, on a fundamental issue such as industrialisation, the Office found itself still reacting to local initiatives and developments. These the Office never learned to anticipate. By the end of the period examined, new political demands were being articulated within the colonies, especially in West Africa, which largely made redundant the timespan available for development assumed during the 'reconstruction' debate. Consequently, the development formulae produced by this debate had, hastily, to be revised, with a reversal, in West Africa's case, of the former orthodoxy that painstaking economic development must precede self-rule.

Similarly, during these years, the Colonial Office achieved only limited success in addressing what it perceived to be fundamental problems of promoting colonial industrialisation, namely the provision of capital, expertise and entrepreneurship. These broad questions were of extreme delicacy in the West African context. A continuing reliance on expatriate capital as the engine of development was considered by officials, especially those with 'Geographical' responsibilities, to be unwise given the extent of local hostility towards large foreign firms: a political dimension was insinuated into the arena of development which the Colonial Office dared not ignore.

The ensuing discussions on extending the legitimate boundaries of state economic intervention raised fundamental questions about the scope for direct government operation of enterprises (significantly, a course never greatly favoured), the role of 'development commissions' and the potential value of publicly-controlled development corporations. There was a circularity in these discussions, reflecting the recurring disappointment of initial hopes. For instance, the development commission idea, an early attempt to satisfy requirements thought to be essential to progress, was translated eventually into the concept of the development corporation, itself, ironically, a vehicle increasingly attractive to big business, whose potentially unpalatable characteristics it had originally been devised to circumvent. When the development corporation, embodied in the CDC, fell short of the Colonial Office's expectations, pursuing a trajectory more in keeping with Treasury ambitions than with the Office's, the need for investigative bodies much like 'development commissions' received renewed attention from the Office.

Moreover, the outward unanimity of the official voice concealed important divisions of opinion within the Colonial Office. For example, some, like Gerard Clauson, while recognising the shortcomings of pre-war policy, continued to think largely in pre-war categories, resisting potentially 'dangerous' experimentation in development, sceptical about an expanded role for the colonial state and ultimately sympathetic to expatriate capital. Political pressures, rather than ideological conviction, gradually turned the weight of official opinion in favour of greater state intervention. The arrival of Creech Jones, a political head frankly committed to public enterprise, therefore only accentuated a pre-existing tendency among officials.

A factor tending towards cohesion in the 'official mind', however, was the Colonial Office's uneasy relationship with externally-recruited 'specialist' opinion: often with justification, officials suspected outsiders' limited grasp of the complexity of colonial issues. For much of this period, officials were torn between admitting their own incapacity and lack of information, and opening the development debate to uncontrollable contributions from metropolitan interest groups, whether motivated commercially or politically, or from an emerging and ascendent generation of technocrats.

Perhaps more than anything else, it was the resilience of entrenched metropolitan attitudes towards the colonies which gave the Colonial Office an external threat which encouraged internal unity. Increased contact with other Whitehall departments during this period, together with recurrent exposure to criticism, taught the Office to handle colonial questions, and especially industrialisation, with tact and caution. Attempts were made, generally without success, to tailor presentation of the Office's policies so as to reflect dominant attitudes in Whitehall. Only briefly, at the height of the reconstruction planning debate, did the Office display much public confidence in its policy on manufacturing, and then only because of the Board of Trade's apparent acquiescence. The changing climate in Whitehall after the war, with renewed indications of metropolitan hostility, found the Office reverting to its pre-war diffidence: during 1947-48, colonial industrialisation was scarcely mentioned. Having gathered momentum during the war, officials' interest in the subject dissipated in the confusion surrounding the post-war crisis. Gradually, once more in response to prompting from the periphery, the Colonial Office resumed its discussions on manufacturing, only to encounter again the indifference, even opposition, of other departments.

Commonly, the Colonial Office was obliged to proceed without clear indications of other departments' intentions. Officials sifted through fragments of information in order to construct a broad sense of predominant metropolitan attitudes to colonial industrialisation. This was made all the more difficult when contradictory signals were detected, or when the practice of other departments, especially the Board of Trade, belied stated policy.

The Colonial Office failed, in these years, to overcome a longstanding metropolitan predisposition to assume the complementarity of the British and colonial economies: such claims received new currency after 1947, when a division of labour on 'neo-mercantilist' lines held strong attractions for a British government enduring repeated financial crises while engaged in major domestic social reform. The practical consequences were seen in ever-increasing metropolitan control over colonial economic activity and imports. At the end of the period studied, the Colonial Office had not succeeded in persuading the rest of Whitehall to embrace its catholic interpretation of 'development' as a series of interlocking processes, reinforcing one another towards the goal of viable nationhood: instead, attitudes of an older pedigree resurfaced, geared to the protection of sterling and British living standards.

ANDERSON, Sir John, 1st Viscount Waverley. Entered Colonial Office 1905. Secretary to Northern Nigeria Lands Committee, 1909. Secretary, West African Currency Committee, 1911. Perm. Under-Secretary of State, Home Office, 1922-32.Governor of Bengal, 1932-37. MP (Nat.) 1938-50. Lord Privy Seal, 1938-39. Home Secretary and Minister of Home Security, 1939-40. Lord President of the Council, 1940-43. Chancellor of the Exchequer, 1943-45. Chairman, Port of London Authority, 1946-58.

ARDEN-CLARKE, Sir Charles (1898-1962). Entered Colonial Administrative Service 1920. Administrative Officer, Northern Nigeria, 1920-33. Acting Assistant Private Secretary, Nigerian Secretariat, 1934-36. Assistant Resident Commissioner and Government Secretary, Bechuanaland, 1936. Resident Commissioner, Bechuanaland, 1937-42. Resident Commissioner, Basutoland, 1942-46. Governor, Sarawak, 1946-49. Governor, Gold Coast, 1949-57.

ATTLEE, Clement, 1st Earl Attlee (1883-1967). University College, Oxford, Bar Inner Temple. MP (Lab.) 1922-55. PPS to Ramsay MacDonald, 1922-24. Parl. Under-Secretary of State for War, 1924. Chancellor of the Duchy of Lancaster, 1930-31. Postmaster General, 1931. Leader of Opposition, 1935-40. Lord Privy Seal, 1940-42. Dominions Secretary, 1942-43. Lord President of the Council, 1943-45. Deputy PM, 1942-45. PM and First Lord of Treasury, 1945-51. Minister of Defence, 1945-46. Leader of Opposition, 1951-55.

BATTERSHILL, Sir William (1896-1959). Ceylon Civil Service, 1920-28. Assistant Colonial Secretary, Jamaica, 1929-35. Colonial Secretary, Cyprus, 1935-37. Chief Secretary, Palestine, 1937-39. Governor, Cyprus, 1939-41. Assistant Under-Secretary, Colonial Office, 1941-42. Deputy Under-Sec. of State, 1942-45. Governor, Tanganyika, 1945-49.

BEVIN, Ernest (1881-1951). National Organiser of Dockers' Union, 1910-21. General Secretary, TGWU, 1921-40. Member, General Council TUC, 1925-40. MP (Lab.) 1940-51. Minister of Labour and National Service, 1940-45. Foreign Secretary, 1945-51.

BOURDILLON, Sir Bernard (1883-1948). St. John's College, Oxford. Indian Civil Service, 1908-17. Service in Mesopotamia and Iraq, 1918-29. Colonial and Chief Secretary, Ceylon, 1929-32. Governor, Uganda, 1932-35. Governor, Nigeria, 1935-43. Member of CEAC and CEDC. Director, Barclays Bank DCO and Barclays' Overseas Development Corporation.

BURNS, Sir Alan (1887-1980). Colonial Secretary, Bahamas, 1924-29. Dep. Chief Secretary, Nigeria, 1929-34. Governor, British Honduras, 1934-40. Asst. Under-Secretary, Colonial Office, 1940-41. Governor, Gold Coast, 1941-47. Acting Governor, Nigeria, 1942. Permanent UK representative, UN Trusteeship Council, 1947-56.

CAINE, Sir Sydney (1902-1991). London School of Economics. Entered Colonial Office, 1926. Secretary, West Indian Sugar Commission, 1929. Secretary, UK Sugar Industry Inquiry Committee, 1934. Financial Secretary, Hong Kong, 1937. Assistant Secretary, Colonial Office, 1940. Member, Anglo-American Caribbean Commission, 1942. Financial Adviser to Colonial Secretary, 1942. Assistant Under-Secretary, Colonial Office, 1944. Deputy Under-Secretary, Colonial Office, 1947-48. Third Secretary, Treasury, 1948. Head of UK Treasury and Supply Delegation, Washington, 1949-51. Chief, World Bank Mission to Ceylon, 1951. Director, London School of Economics, 1957-67.

CAMPBELL, Sir John (1874-1944). Glasgow University; Christ Church, Oxford. Entered Indian Civil Service, 1897. Under-Secretary to Government of United Provinces, Under-Secretary to Government of India. Director of Civil Supplies for United Provinces. Economic and Financial Adviser, Colonial Office, 1930-42.

CARSTAIRS, Charles Young (b.1910). Edinburgh University. Entered Dominions Office, 1934. Transferred to Colonial Office, 1935. Assistant Private Secretary to Colonial Secretary, 1936. Private Secretary to Permanent Under-Secretary, Colonial Office, 1937. Assistant Secretary, West India Royal Commission, 1938-39. Administrative Secretary, Development and Welfare Organisation, British West Indies, 1947-50. Secretary, British Caribbean Standing Closer Association Committee, 1948-49. Director, Information Services, Colonial Office, 1951-53. Assistant Secretary, Colonial Office, 1953-62.

CARTLAND, Sir George Barrington (b.1912). Manchester University; Hertford College, Oxford. Entered Colonial Service, Gold Coast, 1935. Joined Colonial Office, 1944. Head of African Studies Branch and editor, Journal of African Administration, 1945-49. Secretary, London African Conference, 1948. Administrative Secretary, Uganda, 1949. Secretary for Social Services and Local Government, Uganda, 1952. Minister for Social Services, Uganda, 1955. Minister of Education and Labour, Uganda, 1958. Chief Secretary, Uganda, 1960. Deputy Governor, Uganda, 1961-62.

CLAUSON, Sir Gerard (1891-1974). Corpus Christi, Oxford. Entered Colonial Office, 1919. Member, UK Delegation, Imperial Economic Conference, 1932, and Monetary and Economic Conference, London, 1933. Assistant Secretary, Colonial Office, 1934. Assistant Under-Secretary, Colonial

Office, 1940-51. Member, UK Delegation to Hot Springs Conference, 1943.

COHEN, Sir Andrew B. (1909-68). Trinity College, Cambridge. Entered Inland Revenue Department, 1932. Transferred to Colonial Office, 1933. Assistant Secretary, Colonial Office, 1943. Superintending Assistant Secretary, 1947. Assistant Under-Secretary, 1947-51. Governor, Uganda, 1952-57. Permanent British representative, UN Trusteeship Council, 1957-61. Director-General, Department of Technical Co-operation, 1961-64. Permanent Secretary, Ministry of Overseas Development, 1964-68.

CRANBORNE, Viscount, Robert A. **GASCOYNE-CECIL** (1893-1972). MP (Unionist), 1929-41. Parl. Under-Secretary, Foreign Office, 1935-38. Paymaster General, 1940. Dominions Secretary, 1940-42. Colonial Secretary, 1942. Lord Privy Seal, 1942-43. Dominions Secretary, 1943-45. Lord Privy Seal, 1951-52. Commonwealth Relations Secretary, 1952. Lord President of the Council, 1952-57.

CREASY, Sir Gerald (b.1897). Entered Colonial Office 1920. Chief Secretary to West African Council, 1945-47. Governor, Gold Coast, 1947-49. Governor, Malta, 1949-54. Retired 1954.

CRIPPS, Sir Stafford (1889-1952). MP (Lab) 1931-50. Solicitor-General, 1930-31. British Ambassador to USSR, 1940-42. Minister of Aircraft Production, 1942-45. President, Board of Trade, 1945. Minister for Economic Affairs, 1947. Chancellor of the Exchequer, 1947-50.

DALTON, Hugh (1887-1962). MP (Lab) 1924-59. Barrister and University Lecturer. Parliamentary Under-Secretary, Foreign Office, 1929-31. Minister of Economic Warfare, 1940-42. President, Board of Trade, 1942-45. Chancellor of the Exchequer, 1945-47. Chancellor of the Duchy of Lancaster, 1948-50. Minister of Town and Country Planning, 1950-51. Minister of Local Government and Planning, 1951.

DAWE, Sir Arthur (1891-1950). Brasenose College, Oxford. Entered Colonial Office, 1918. Deputy Secretary, Imperial Economic Conference, 1923. Secretary, Commission of Enquiry into Affairs of Freetown Municipality, 1926. Secretary, Malta Royal Commission, 1931. Member, British Government delegation to International Labour Conference, 1946. Assistant Under-Secretary, Colonial Office, 1938-45. Deputy Under-Secretary of State, 1945-47. Retired 1947.

DUGDALE, John (1905-63). Wellington; Christ Church, Oxford. Attache, British Legation, Peking, 1926-27. Private Secretary to C.R.A. Attlee, 1931-39. Member, London County Council, 1932-41. MP (Lab.), 1941-63. PPS to Deputy Prime Minister, 1945. Parliamentary and Financial Secretary, Admiralty (1945-50). Minister of State for Colonial Affairs, 1950-51.

DURBIN, Evan (1906-1948). New College, Oxford. University Lecturer. Joined Economic Section, War Cabinet Secretariat, 1940. Personal Assistant to Deputy Prime Minister, 1942. MP (Lab) 1945-48. Parliamentary Secretary to Ministry of Works, 1947-48.

EASTWOOD, Christopher G. (b.1905). Trinity College, Oxford. Entered Civil Service, 1927, and appointed to Colonial Office. Private Secretary to High Commissioner, Palestine, 1932-34. Secretary, International Rubber Regulation Committee, 1934. Private Secretary to Secretary of State for the Colonies, 1940-41. Principal Assistant Secretary, Cabinet Office, 1945-47. Assistant Under-Secretary of State, Colonial Office, 1947-52, and 1954-66. Commissioner of Crown Lands, 1952-54.

EMANUEL, Aaron (b.1912). London School of Economics. Economist, International Institute of Agriculture, Rome, 1935-38. Joined Board of Trade, 1938, Minstry of Food, 1940, Colonial Office, 1943, Ministry of Health, 1961, Department of Economic Affairs, 1965, Ministry of Housing and Local Government, 1969. Under-Secretary, Department of the Environment, 1970-72. Chairman, West Midlands Economic Planning Board, 1968-72.

FARINGDON, Lord (1902-77). McGill University and Christ Church, Oxford. Member, Colonial Economic Development Council, 1948-51. Executive Committee, Fabian Society, 1942-66. Member, Colonial Social Welfare Advisory Committee, 1947-52.

FIRTH, Raymond (b.1901). Auckland University College; London School of Economics. Professor of Anthropology, University of London, 1944-68. Secreary, Colonial Social Science Research Council.

GAITSKELL, Hugh (1906-63). New College, Oxford. University Lecturer. Principal Private Secretary to Minster of Economic Warfare, 1940-42. Principal Assistant Secretary, Board of Trade, 1942-45. MP (Lab) 1945-63. Parliamentary Secretary, Ministry of Fuel and Power, 1946-47. Minister of Fuel and Power, 1947-50. Minister of State for Economic Affairs, 1950. Chancellor of the Exchequer, 1950-51. Leader, Labour Party, 1955-63.

GATER, Sir George (1886-1963). New College, Oxford. Assistant Director of Education for Nottinghamshire, 1912-14. Director of Education, Lancashire County Council, 1919-24. Education Officer, London County Council, 1924-33. Clerk of the Council, 1933-39. Permanent Under-Secretary of State, Colonial Office, 1939-47. Seconded as Joint Secretary, Ministry of Home Security, 1939-40. Secretary, Ministry of Supply, 1940. Secretary, Ministry of Home Security, 1940-42.

GOODENOUGH, Sir William (1899-1951). Christ Church, Oxford. Chairman, Oxfordshire County Council, 1934-37. Chairman, Barclays Bank Ltd., 1947-51.

GORELL BARNES, Sir William (b.1909). Pembroke College, Cambridge. Served in HM Diplomatic Service, 1932-39, and offices of War Cabinet, 1939-45. Personal Assistant to Lord President of the Council, 1942-45. Assistant Secretary, Treasury, 1945-46. Personal Assistant to Prime Minister, 1946-48. Seconded to Colonial Office, 1948. Assistant Under-Secretary of State, 1948-59. Deputy Under-Secretary of State, 1959-63. Member, UK delegation for negotiations with EEC, 1962. Retired 1963.

GRIFFITHS, James (1890-1975). Trade union official, 1916-36. MP (Lab) 1936-70. Minister of National Insurance, 1945-50. Secretary of State for the Colonies, 1950-51. Secretary of State for Wales, 1964-66. Deputy Leader and Vice-Chairman, Parliamentary Labour Party, 1956-59.

HAILEY, Lord (William Michael Hailey) (1872-1969). Corpus Christi, Oxford. Entered Indian Civil Service, 1895. Chief Commissioner, Delhi, 1912-18. Governor, Punjab, 1924-28. Governor, United Provinces, 1928-30 and 1931-34. Director, African Research Survey, 1935-38. Member, Permanent Mandates Commission, League of Nations, 1935-39. Chairman, Colonial Research Committee, 1943-48. Deputy Chairman, Royal African Society, 1949-59.

HALL, George (1st Viscount Hall) (1881-1965). Trade union official, 1911-1922. MP (Lab) 1922-46. Civil Lord of the Admiralty, 1929-31. Parliamentary Under-Secretary of State, Colonial Office, 1940-42. Financial Secretary to the Admiralty, 1942-43. Parliamentary Under-Secretary, Foreign Office, 1943-45. Secretary of State for the Colonies, 1945-46. First Lord of the Admiralty, 1946-51. Deputy Leader, House of Lords, 1947-51.

HALL, Noel (b.1902). Brasenose College, Oxford. Professor of Political Economy, University of London, 1935-38. Director, National Institute for Economic and Social Research, 1938-43. Joint Director, Ministry of Economic Warfare, 1940. Minister in charge of War Trade Department, British Embassy, Washington, 1941-43. Development Adviser, West Africa, 1943-45.

HANCOCK, Sir Keith (Prof. Sir William Keith) (1898-1988). All Souls, Oxford. Professor of Modern History, University of Adelaide, 1924-33. Professor of History, University of

Birmingham, 1934-44. Chichele Professor of Economic History, Oxford, 1944-49. Director, Institute of Commonwealth Studies (University of London) and Professor of British Commonwealth Affairs, 1949-56. Director, Research School of Social Sciences, Australian National University, 1957-61. Appointed to Offices of War Cabinet as Supervisor of Civil Histories, 1941, thereafter Editor of series.

HELMORE, J.R.C. (1906-72). New College, Oxford. Entered Board of Trade, 1929. Private Secretary to President, 1934-37. Under-Secretary, 1946. Second Secretary, 1946-52. Permanent Secretary, Ministry of Supply, 1953-56.

HENDERSON, Sir Hubert (1890-1952). Emmanuel College, Cambridge. Secretary, Cotton Control Board, 1917-19. Fellow, Clare College, Cambridge and University Lecturer in Economics, 1919-23. Editor, Nation and Athenaeum, 1923-30. Joint Secretary, Economic Advisory Council, 1930-34. Member, West India Royal Commission, 1938-39. Chairman, Royal Commission on Population, 1946. Economic Adviser, Treasury, 1939-44. Chairman, Statutory Committee on Unemployment Insurance, 1945-48. Professor of Political Economy, Oxford, 1945-51.

HINDEN, Rita (1909-71). London School of Economics. Secretary, Fabian Colonial Bureau, 1940-50. Member, Colonial Labour Advisory Committee and Colonial Economic Development Council, 1948-51. Member, British Guiana Constitutional Commission, 1950-51. Editor, Socialist Commentary, 1951-71.

JEFFRIES, Sir Charles (1896-1972). Magdalen College, Oxford. Entered Colonial Office, 1917 after being invalided from Army. Principal, 1920. Assistant Secretary and Establishment Officer, 1930-39. Assistant Under-Secretary, 1939-47. Joint Deputy Under-Secretary of State, 1947-56. Retired 1956. Publications include The Colonial Empire and its Civil Service (1938), Transfer of Power (1960) and Whitehall and the Colonial Service (1972).

JONES, Arthur Creech (1891-1964). Trade union official, 1919-29. Organising Secretary, Workers Travel Association, 1929-39. MP (Lab) 1935-50, 1954-64. Parliamentary Private Secretary to Bevin at Ministry of Labour and National Service, 1940-45. Co-founder and Chairman of Fabian Colonial Bureau, 1940-45. Member, (Colonial Office) Advisory Committee on Education in the Colonies, 1936-45. Vice-Chairman, Higher Education Commission to West Africa, 1943-44. Parliamentary Under-Secretary, Colonial Office, 1945-46. Secretary of State for the Colonies, 1946-50.

LEWIS, Sir William Arthur (b.1915). London School of Economics. Lecturer, LSE, 1938-47. Temporary Principal, Board of Trade, 1943, and ColonialOffice, 1944. Reader in Colonial Economics, University of London, 1947. Part-time member, Board of Colonial Development Corporation, 1951-53. Professor of Political Economy, Manchester University, 1948-58. Principal, University College of the West Indies, 1959-62. Professor of Public and International Affairs, Princeton University, 1963-68; Professor of Political Economy, 1968-82. President, Caribbean Development Bank, 1970-73.

LLOYD, Sir Thomas (1896-1968). Caius College, Cambridge. Assistant Principal, Ministry of Health, 1920; transferred to Colonial Office, 1921. Principal, 1929. Secretary, Palestine Commission, 1929-30. Secretary, West India Royal Commission, 1938-39. Assistant Secretary, 1939. Assistant Under-Secretary of State, 1943. Permanent Under-Secretary of State, 1947-56. Retired 1956.

MacDONALD, Malcolm (1901-81). Queen's College, Oxford. Member, London County Council, 1927-30. MP (Lab) 1929-31, (Nat Lab) 1931-35, (Nat Govt) 1936-45. Parliamentary Under-Secretary, Dominions Office, 1931-35. Secretary of State for Dominion Affairs, 1935-38 and 1938-39. Secretary of State for the Colonies, 1935 and 1938-40. Minister of Health, 1940-41. UK High Commissioner in Canada, 1941-46. Governor General, Malayan Union and Singapore, May-July 1946. Governor General, Malaya, Singapore and British Borneo, 1946-48. Commissioner-General for UK in SE Asia, 1948-55. Governor, Kenya, 1963-64. High Commissioner, Kenya, 1964-65. Special Representative in East and Central Africa, 1966-67. Special Representative of HMG in Africa, 1967-69. Special Envoy to Sudan, November 1967, and to Somalia, December 1967.

McLEAN, Sir William (1877-1967). Glasgow University. Entered Sudan Civil Service, 1906. Transferred to Egyptian Civil Service, 1913. MP (Con) 1931-35. Member, Advisory Committee on Education in the Colonies, 1932-38. Member, Secretary of State's Educational Commission to East Africa, 1937, and to Malaya, 1938. Colonial Office Representative, New York World Fair, 1939. Honorary liaison officer with members of Houses of Lords and Commons on Colonial Office's development work since 1931.

MACMILLAN, Harold (1894-1987). Balliol College, Oxford. ADC, Governor-General, Canada, 1919-20. MP (Union.) 1924-29, 1931-35; MP (C) 1945-64. Parliamentary Secretary, Ministry of Supply, 1940-42. Parliamentary Under-Secretary of State, Colonial Office, 1942. Resident Minister, Allied HQ NW Africa, 1942-45. Secretary of State for Air, 1945. Minister of Housing and Local Government, 1951-54. Minister of Defence, 1954-55. Foreign Secretary, Apr-Dec 1955. Chancellor of the Exchequer, 1955-57. Prime Minister, 1957-64.

MILVERTON, Lord (Sir Arthur **RICHARDS**) (1885-1978). Christ Church, Oxford. Cadet, Malayan Civil Service, 1908. 2nd Asst. Colonial Secretary, Straits Settlements, 1920.

Secretary to High Commissioner, Malay States, 1923. Acting General Adviser to Government of Johore, 1929. Governor, North Borneo, 1930-33. Governor, Gambia Colony, 1933-36. Governor, Fiji, and High Commissioner for Western Pacific, 1936-38. Captain-General and Governor, Jamaica, 1938-43. Governor, Nigeria, 1943-47. Part-time Director, Colonial Development Corporation, 1948-51.

MONSON, Sir (William Bonnar) Leslie (b.1912). Hertford College, Oxford. Entered Dominions Office, 1935, transferred to Colonial Office, 1939. Assistant Secretary, 1944. Seconded as Chief Secretary to West African Council, 1947-51. Assistant Under-Secretary, Colonial Office, 1951-64. High Commissioner, Republic of Zambia, 1964-66. Deputy Under-Secretary of State, Commonwealth Office (subsequently Foreign and Commonwealth Office), 1967-72.

MORRISON, Herbert (Baron Morrison of Lambeth) (1888-1965). Mayor of Hackney, 1920-21. Member, London County Council, 1922-45 (Leader, 1934-40). MP (Lab) 1923-24, 1929-31, 1935-59. Minister of Transport, 1929-31. Minister of Supply, 1940. Home Secretary and Minister of Home Security, 1940-45. Member of War Cabinet, 1942-45. Deputy Prime Minister, 1945-51. Lord President of the Council and Leader, House of Commons, 1945-51. Foreign Secretary, 1951. Deputy Leader of the Opposition, 1951-55.

MOYNE, Lord (Walter Edward **GUINNESS**) (1880-1944). MP (Union.) 1907-31. Member, London County Council, 1907. Parliamentary Under-Secretary of State, War Office, 1922-23. Financial Secretary, Treasury, 1923-24 and Nov 1924-24. Minister of Agriculture and Fisheries, 1925-29. Chairman, Departmental Committee on Housing, 1933. Chairman, West India Royal Commission, 1938-39. Joint Parliamentary Under-Secretary, Ministry of Agriculture, 1940-41. Secretary of State for the Colonies, 1941-42. Leader, House of Lords, 1941-42. Deputy Minister of State, Cairo, 1942-44 (Assassinated).

ORDE BROWNE, Maj. Granville (1883-1947). Asst. District Commissioner, East African Protectorate, 1909. Retired from Royal Artillery, 1920. Senior Commissioner, Tanganyika, 1921. Labour Commissioner, Tanganyika, 1926-31. Undertook special studies of labour questions in N.Rhodesia (1937), West Indies (1938), West Africa (1939) and Far East (1941). Adviser on Colonial Labour, Colonial Office, 1938-47.

OVERTON, Sir Arnold (1893-1975). New College, Oxford. Entered Board of Trade, 1919. Private Secretary to Presidents, 1921-25. Delegate of UK Government to negotiate Anglo-American Trade Agreement, Washington, 1937-38. Permanent Sec., Board of Trade, 1941-45. Head, British Middle East Office, Cairo, 1945-47. Permanent Sec., Ministry of Civil Aviation, 1947-53.

PARKINSON, Sir Cosmo (1884-1967). Magdalen College, Oxford. Entered Admiralty, 1908, transferred to Colonial Office, 1909. Assistant Secretary, 1925-31. Assistant Under-Secretary of State, 1931-37. Permanent Under-Secretary of State, 1937-40. Permanent Under-Secretary of State, Dominions Office, Feb 1940. Acting Permanent Under-Secretary, Colonial Office, May 1940. Seconded for special duty in Colonies, 1942. Retired, Dec 1944 and re-employed on special duty for Colonial Secretary, Jan-Sept 1945. Published The Colonial Office from Within, 1909-1945, (1947).

PEDLER, Frederick J. (b.1908). Caius College, Cambridge. Entered Colonial Office, 1930. Seconded to Tanganyika, 1934. Secretary, Commission on Higher Education in East Africa and Sudan, 1937. Secretary to Lord Privy Seal, 1938. Secretary to Lord Hailey in Africa, 1939-40. Chief British Economic Representative, Dakar, 1942. Finance Dept., Colonial Office, 1944. Joined United Africa Company, 1947; Director 1951 and Deputy Chairman, 1965-68. Director, Unilever Ltd. & NV, 1956-68. Chairman, Council for Technical Education and Training for Overseas Countries, 1962-73. Treasurer, School of Oriental and African Studies (University of London), 1969-81.

PLOWDEN, Sir Edwin (b.1907). Pembroke College, Cambridge. Temporary Civil Servant, Ministry of Economic Warfare, 1939-40 and Ministry of Aircraft Production, 1940-46. Chief Executive and Member of Aircraft Supply Council, 1945-46. Cabinet Office, 1947. Chief Planning Officer and Chairman, Economic Planning Board (Treasury), 1947-53.

PORTAL, Viscount (1893-1971). Christ Church, Oxford. Commander, British Forces, Aden, 1934-35. Instructor, Imperial Defence College, 1936-37. Director of Organisation, Air Ministry, 1937-38. Air Member for Personnel on Air Council, 1939-40. AOC-in-C, Bomber Command, 1940. Chief of Air Staff, 1940-45. Controller (Atomic Energy), Ministry of Supply, 1946-51. Director, Barclays Bank DC & O, 1946-49.

POYNTON, Sir Hilton (b.1905). Brasenose, Oxford. Entered Department of Scientific and Industrial Research, 1927, transferred to Colonial Office, 1929. Private Secretary to Minister of Supply and Minister of Production, 1941-43. Reverted to Colonial Office, 1943. Permanent Under-Secretary of State, 1959-66. Member, Governing Body, SPCK, 1967-72.

REES-WILLIAMS, D.R. (Lord OGMORE) (1903-76). University of Wales. MP (Lab) 1945-50. Parliamentary Under-Secretary, Colonial Office, 1947-50 and Commonwealth Relations Office, 1950-51. Minister of Civil Aviation, 1951. Member, Government Mission to Sarawak, 1946. Chairman, Burma Frontier Areas Committee of Inquiry, 1947. UK Delegate to UN General Assembly, 1950. Leader, UK Delegation and Chairman, African Defence Facilities Conference, Nairobi, 1951. President, Liberal Party, 1963-64.

RICHARDS, Sir Arthur, see MILVERTON, Lord

ROBBINS, Lionel (b.1898). University College, London and London School of Economics. Lecturer, New College, Oxford, 1924. Lecturer, LSE, 1925-27. Fellow and Lecturer, New College, 1927-29. Professor of Economics, University of London, 1929-61. Director, Economic Section, Offices of War Cabinet, 1941-45. Chairman, Financial Times, 1961-70. Chairman, Committee on Higher Education, 1961-64.

ROBINSON, Kenneth (1914-88). Hertford College, Oxford and London School of Economics. Entered Colonial Office, 1936. Assistant Secretary, 1946. Resigned 1948. Fellow, Nuffield College, and Reader in Commonwealth Government, Oxford, 1948-57. Director, Institute of Commonwealth Studies, and Professor of Commonwealth Affairs, University of London, 1957-65. Editor, Journal of Commonwealth Political Studies, 1961-65.

ROSA, John Nogueira (1903-77). London School of Economics. Served in Ottoman Bank, Istanbul, 1924-28, and with Helbert, Wagg & Co. Ltd., Private Bankers, London, 1929-41. Treasury Representative in Syria and Lebanon, 1941-42. Colonial Office, 1942-47. Member, Colonial Office Mission to East and Central Africa to investigate production of groundnuts, 1946. Rejoined Helbert, Wagg and Co. Ltd., 1947 (resigned same year). Member, Board of Overseas Food Corporation and Colonial Development Corporation, 1948-51. Deputy Managing Director, M. Golodetz Ltd., International Merchants (retired 1971).

STANLEY, Oliver (1896-1950). Called to Bar, 1919. MP (Con) 1924-50. Parliamentary Under-Secretary, Home Office, 1931-33. Minister of Transport, 1933-34. Minister of Labour, 1934-35. President, Board of Education, 1935-37. President, Board of Trade, 1937-40. Secretary of State for War, 1940. Secretary of State for the Colonies, 1942-45.

STOCKDALE, Sir Frank (1883-1949). Magdalene College, Cambridge. Director of Agriculture, Mauritius, 1912. Registrar, Co-operative Credit Societies, 1913. Official Member, Council of Government, 1913-16. Director of Agriculture and Registrar of Co-operative Societies, Ceylon, 1916-29. MLC, Ceylon, 1921-29. Agricultural Adviser to Colonial Secretary, 1929-40. Comptroller for Development and Welfare, West Indies, 1940-45. Vice-Chairman, Colonial Advisory Council on Agriculture and Animal Health, 1929-40. Co-Chairman, Anglo-American Caribbean Commission, 1942-45. Adviser on Development Planning, Colonial Office, 1945-48. Vice-Chairman, Colonial Development Corporation, 1948-49.

STRACHEY, John (1901-63). Magdalen College, Oxford. MP (Lab) 1929-31, 1945-63. Parliamentary Under-Secretary of State, Air Ministry, 1945-46. Minister of Food, 1946-50. Secretary of State for War, 1950-51.

SWINTON, Lord (Philip **CUNLIFFE-LISTER**) (1884-1972). University College, Oxford. Called to Bar, 1908. Joint Secretary, Ministry of National Service, 1917-18. MP (Union.) 1918-35. Parliamentary Secretary to Board of Trade, 1920-21. Secretary, Overseas Trade Department, 1921-22. President, Board of Trade, 1922-23, 1924-29 and 1931. Chairman, Imperial Economic Conference, 1923. Secretary of State for the Colonies, 1931-35. Secretary of State for Air, 1935-38. Chairman, UK Commercial Corporation, 1940-42. Resident Minister, West Africa, 1942-44. Minister for Civil Aviation, 1944-45. Chancellor of the Duchy of Lancaster and Minister of Materials, 1951-52. Secretary of State for Commonwealth Relations, 1952-55.

TREFGARNE, Lord (G.M. **GARRO JONES**) (1894-1960). Private Secretary to Lord Greenwood at Home Office, Department of Overseas Trade and while Chief Secretary for Ireland. MP (Lab) 1924-29, 1935-45. Parliamentary Secretary to Ministry of Production, 1942-45. Member, Empire Parliamentary delegation to Nigeria, 1928. Founder Chairman, Colonial Development Corporation, 1947-50.

TRENCHARD, Hugh Montague, 1st Viscount Trenchard of Wolfeton (1873-1956). Marshal of the R.A.F.. Chief of Air Staff, 1918-29. Commissioner, Metropolitan Police, 1931-35. Chairman, United Africa Company since 1936. Director, Goodyear Tyre and Rubber Company (G.B.) Ltd..

WILLIAMS, J.B. (1906-53). McGill University; Trinity College, Cambridge. Assistant Principal, Dominions Office, 1929, transferred to Colonial Office, 1930. Secretary, Colonial Development Advisory Committee, 1934. Seconded to Government of N.Rhodesia, 1935-36. Colonial Adviser, Eastern Group Supply Council, New Delhi, 1941. Seconded to Ministry of Supply, 1942. Assistant Secretary, Colonial Office, 1943. Assistant Under-Secretary of State, 1949-53.

WILLIAMS, Owen G.R. (1886-1954). Hertford College, Oxford. Entered Inland Revenue, 1910, transferred to Colonial Office, 1911. Assistant Secretary, 1926-46. Retired 1946.

Table 1:Nigeria and Gold Coast: Total imports of merchandise, 1928-1951 (L000s)

	Gold Coast	(from UK)	Nigeria	(from UK)
1928	11,302	5,655	15,761	11,391
1929	9,626	4,628	13,216	9,316
1930	8,507	4,335	12,614	8,622
1931	4,434	2,402	6,509	4,596
1932	5,350	3,168	7,194	5,355
1933	5,096	2,825	6,339	4,391
1934	4,390	2,491	5,364	3,150
1935	7,376	4,213	7,804	4,784
1936	8,531	4,628	10,829	6,294
1937	12,307	6,049	14,624	7,960
1938	7,657	4,289	8,632	4,713
1939	7,318	4,134	6,757	3,648
1940	6,878	6,878	7,479	4,329
1941	6,137	3,613	6,505	3,695
1942	8,732	4,647	10,490	4,923
1943	8,598	4,833	12,418	7,437
1944	8,580	4,616	15,748	7,958
1945	10,207	5,868	13,583	7,935
1946	12,861	8,424	20,456	12,702
1947	21,842	11,381	32,466	16,168
1948	30,114	17,647	41,215	21,365
1949	44,500	25,901	57,539	29,253
1950	48,000	30,270	61,900	37,026
1951	63,300	38,163	83,200	43,467

Source:Statistical Abstracts

Table 2: Gold Coast: imports of selected goods, 1928-51

	Cotton piece goods (000 sq yds)	Iron and steel (L000s)	Machinery and apparatus (L000s)
1928	35,968	795	456
1929	31,534	621	328
1930	34,777	563	430
1931	25,976	216	144
1932	48,421	310	305
1933	42,616	356	252
1934	31,960	335	503
1935	61,147	654	895
1936	65,843	843	1,053
1937	67,028	1,214	1,454
1938	30,902	668	1,341
1939	38,439	622	1,078
1940	29,273	480	1,010
1941	27,413	274	546
1942	41,954	490	507
1943	37,500	279	424
1944	36,305	343	560
1945	36,383	483	611
1946	37,022	891	1,137
1947	42,651	1,651	1,671
1948	62,324	2,000	2,455
1949	102,744	3,678	3,033
1950	84,910	3,542	n.a.
1951	83,371	5,375	n.a.

Source: Statistical Abstracts

Table 3: Nigeria: imports of selected goods, 1928-51

	Cotton piece goods (000 sq yds)	Iron and steel (L000s)	Machinery and apparatus (L000s)
1928	119,601	1,754	551
1929	100,646	1,418	453
1930	100,280	1,222	372
1931	64,810	634	198
1932	112,132	414	57
1933	92,876	500	60
1934	63,197	512	102
1935	115,169	747	108
1936	174,353	1,061	205
1937	163,922	1,498	559
1938	68,795	1,032	455
1939	60,944	700	303
1940	79,964	583	252
1941	59,909	592	213
1942	84,919	761	272
1943	84,812	1,059	370
1944	107,432	910	402
1945	83,340	1,195	470
1946	82,551	1,817	984
1947	104,852	2,920	1,284
1948	124,969	3,497	2,437
1949	186,205	6,035	3,109
1950	148,339	n.a.	n.a.
1951	120,954	n.a.	n.a.

Source: Statistical Abstracts

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CO 343 Gold Coast Register of Correspondence

CO 554 West Africa Original Correspondence

CO 555 West Africa Register of Correspondence

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